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Chairman: Mr. Chowdhury ..... (Bangladesh)
later: Ms. Incera (Vice-Chairman) ..... (Costa Rica)
later: Mr. Chowdhury (Chairman) ..... (Bangladesh)

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The meeting was called to order at 10.10 a.m.

Agenda item 120: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/51/11 and Corr.1)

1. **Ms. Arystanbekova** (Kazakhstan) said that her delegation shared the Secretary-General's concern about the financial health of the Organization and supported the point of view he had put forward in his programme for reform (A/51/950).

2. It was essential for Member States to meet their obligations in a timely manner. Despite the dislocation caused by its move towards a market economy and the considerable environmental problems it faced, Kazakhstan had made every effort to meet its financial obligations to the Organization in accordance with the Charter. Her Government had paid $2.7 million to the regular budget and for peacekeeping operations just before the beginning of the current session of the General Assembly. As of July 1997, Kazakhstan had fully paid off its arrears with respect to five peacekeeping operations, and had paid some assessments for other peacekeeping operations and for the international tribunals. Her Government was thus consistently reducing its debts to the Organization.

3. One of the basic causes of the financial crisis had been the failure of the scale of assessments to apportion the Organization's expenses fairly among its Member States. Her delegation endorsed the principle of capacity to pay and welcomed the preliminary agreement reached in the Committee on Contributions with regard to certain elements of the scale. At the same time, it called for the removal of the distorting elements in the methodology.

4. Despite the slight reduction in Kazakhstan's assessed contribution for the period 1995-1997, its minimum assessment rate for 1997 — 0.19 per cent — did not reflect its real capacity to pay. While it wished to emphasize the need to elaborate a transparent scale of assessments based on clear-cut economic criteria, her Government favoured improving the scale methodology by shortening the base period to three years. Since most Member States supported a compromise six-year base period, her delegation endorsed the recommendation of the Committee on Contributions aimed at achieving consensus on that element. In addition, her delegation supported the preliminary decision of the Committee on Contributions that the scheme of limits should be phased out gradually over the scale period, with an accelerated phase-out in the second year. Finally, she welcomed the conclusions of the Committee on Contributions on the use of market exchange rates.

5. **Mr. Kamal** (Pakistan) said that his delegation associated itself with the statement on the item delivered on behalf of the Group of 77 and China. The principle of capacity to pay was an important one which had been historically accepted in the United Nations. Any departure from that principle could only be made on the basis of careful consideration and general consensus and in the light of political and economic realities.

6. The current debate on the scale of assessments had been precipitated by the financial crisis created by the non-payment of assessed contributions by some Member States, especially one of the principal contributors. The crisis had led to borrowing from peacekeeping budgets in order to meet the recurring expenses of the Organization. The result had been the non-reimbursement of peacekeeping expenses to those countries, particularly developing countries, which had responded to the call of the United Nations for the maintenance of international peace and security. An extraordinary situation had developed in which money owed to developing countries was being used to finance the deficit caused by the non-payment of assessed contributions by major contributors.

7. In addition, the number of regular United Nations staff members was being cut, especially at the lower levels. A much higher vacancy rate than the one approved by the General Assembly was being maintained. At the same time, gratis personnel were continuing to infiltrate and extend their employment in the Organization. All of that had had a negative impact on the Organization's ability to respond to the world outside.

8. His delegation regretted that the High-level Open-ended Working Group on the Financial Situation of the United Nations had not put forward recommendations to resolve the crisis. The proposals on incentives and disincentives considered by the Working Group should be revived in an appropriate forum.

9. **Mr. Acemah** (Uganda), said that his delegation associated itself with the statement on the item delivered on behalf of the Group of 77 and China. Since its inception, the scale methodology had been subjected to various adjustments in an attempt to make it reflect the principle of capacity to pay. In the context of the current scale period, adjustments to certain elements of the scale methodology had either been implemented or were being proposed. Some of those adjustments had actual or potential adverse effects on the assessments of certain developing countries. There was thus a need for appropriate corrective measures to be

taken to redress or prevent such an outcome. It was also important that the implementation of agreed major adjustments should be undertaken in a manner that developing countries would be able to cope with. Having said that, his delegation endorsed the gradual phase-out of the scheme of limits.

10. His Government was concerned about the continuing anomalies inherent in the current scale methodology, which continued to have a negative impact on the assessments of the poorest Member States. The current floor rate, which had been arbitrarily set for the 1978-1979 scale and which had been in operation ever since, was one such example. The setting of that rate at the current level had imposed an unfair surcharge on the poorest Member States while providing what amounted to a subsidy to the largest contributor. The General Assembly should address that anomaly. It should begin by endorsing the relevant recommendation of the Committee on Contributions and including it as an integral element in the scale methodology to be applied for the preparation of the scale for the period 1998-2001.

11. It was important that the organization should not be dependent on a single contributor. It should be borne in mind, however, that the largest contributor had assumed a major leadership role, both globally and at the United Nations, and that leadership always came at a price. Those States which aspired to lead should be prepared to pay for the privilege. The current rate of assessment for the largest contributor was, in fact, below its capacity to pay. A further lowering of the ceiling would obscure the relationship between the largest contributor's assessed contribution and its actual capacity to pay. The ceiling should be adjusted to reflect that capacity more accurately. Should the General Assembly decide to maintain or lower the current level of the ceiling, the points arising there from should be distributed among the other major developed countries.

12. He urged delegations not to focus on specific elements of the scale methodology or particular options as outlined in resolution 51/212 B to the detriment of both the larger issues which were of interest to the vast majority of Members States and the practice and process of consensus-building.

13. **Mr. Lavrov** (Russian Federation) said that the fair apportionment of the Organization's expenses had assumed particular importance given the acute financial crisis facing the United Nations. Member States needed to show the political will to fulfil their obligations. At the same time a bond of trust needed to be forged between the Organization and its membership; that could best be achieved through a fair apportionment of the expenses.

14. His delegation considered it vitally important to adhere to the principle of consensus in agreeing upon financial matters. Although the Committee on Contributions had failed to reach agreement on all elements of a new scale methodology, the conclusions and recommendations contained in its report provided a realistic basis for moving towards consensus.

15. In particular, delegations could proceed on the basis of the Committee's earlier recommendations concerning the use of gross national product estimates and market exchange rates, the establishment of a floor rate of 0.001 per cent for contributions to the regular budget, and the rounding of the assessment rate to three decimal places. If the General Assembly were to approve those recommendations, it would be possible to bring the future scale of assessed contributions to the regular budget more into line with the principle of capacity to pay.

16. Although his delegation would prefer to shorten the base period to three years, since that would better reflect real capacity to pay, it was prepared to agree that shortening the base period to six years was a reasónable compromise. It was glad to note, however, that the Committee had agreed to examine the possibility of reducing the base period to three years in the context of the scale for the period 2001-2003. His delegation was also prepared to support the tentative agreement to retain the external debt-burden adjustment, on the understanding that the issue would be reconsidered when the next scale was discussed.

17. The scheme of limits remained the factor which most distorted the capacity to pay of Member States and his delegation believed that the scheme should be eliminated in the first year of the new scale period, as proposed by the European Union. In addition, his delegation favoured the recalculation of the scale on an annual basis.

18. Considerable attention had been paid to the issue of low per capita income adjustment. While his delegation did not doubt the need to retain such an important element of the scale methodology, it believed that the gradient had no technical justification from the point of view of capacity to pay and had always been determined through political negotiations. Once again, a compromise should be sought.

19. His delegation wished to stress from the outset that any proposal to deny permanent members of the Security Council eligibility for relief under the low per capita income adjustment were absolutely unacceptable because they directly contradicted the principle of capacity to pay and the Charter of the United Nations. The special responsibility of the permanent members of the Security Council came into play solely when the Charter functions relating to the

maintenance of international peace and security were involved. As a permanent member of the Council, the Russian Federation would continue to meet additional financial obligations in respect of budgets for peacekeeping operations. However, as far as the scale of assessments for the regular budget was concerned, it was important once again to reaffirm the indispensability of the principle of capacity to pay.

20. The lowering of the ceiling for contributions to the regular budget was probably the most contentious issue under the current agenda item. The ceiling was, of course, the result of a political decision by the General Assembly, although it was worth mentioning that the terms of reference of the Committee on Contributions specified that, if a ceiling was imposed, it should not be such as to obscure the relationship between a Member State's contribution and its capacity to pay. The General Assembly would have to adopt a balanced decision that took into account the interests of all parties concerned and provided a sound financial basis for the Organization's activities. In that connection, it was important to stress once again that whatever agreements were reached on the scale, the financial health of the United Nations would most definitely be determined by the political will of its Members to fulfil their obligations as laid down in General Assembly resolutions and decisions on budgetary matters which had been adopted by consensus.

21. **Mr. Yelchenko** (Ukraine) said that, although the recommendations and tentative agreements proposed by the Committee on Contributions did not coincide with his delegation's initial vision of a new scale of assessments, they constituted a solid basis for consensus. The issue of the next scale had taken on a sharp political tint. Regrettably, the interests of some Member States had not been taken into account in the new methodology. That was one of the main reasons for the continuing financial crisis. A solution could be found, however, given political will and a readiness to compromise. His delegation would play its part in the undertaking.

22. At its forty-seventh session, the General Assembly, had voted to increase Ukraine's assessed contribution from 1.18 to 1.87 per cent, without any justification and contrary to the criteria for determining the financial obligations of Member States. The former Legal Counsel had contested that decision. Against the background of the positive changes taking place in the United Nations, General Assembly decision 47/456 was an example of outdated thinking; his delegation had voted against it. It could never accept that Ukraine's assessed contribution for 1993-1994 should have been increased by 58 per cent, placing it tenth among the contributors to the regular budget. The fact that its contribution had been over-estimated was proved by every one of the eight proposals contained in the report of the Committee on Contributions. That fact and the country's continuing economic difficulties were the main reasons for its arrears of payment. Ukraine was doing its utmost to meet its financial obligations: since independence, its total contributions had exceeded $57 million. Its debt had been reduced by $20 million in 1996; so far in 1997 it had already contributed $7 million and might be able to pay more than it had in 1996 if its financial situation improved.

23. The settlement of Ukraine's arrears required fair consideration by Member States. A broad agreement had, in fact, been reached to take into account the particular situation of the 22 States of the former Soviet Union, the former Yugoslavia and the former Czechoslovakia, including the phasing-out of the scheme of limits over two scale periods and the reduction of the base period to reflect the current capacity to pay more accurately. That approach had been given formal status by the General Assembly in resolutions 48/223 B and 49/19 B.

24. Although his delegation could not agree with the gradual reduction of its assessed contribution over two scales, now was not the time to question some parts of the agreement achieved during the earlier negotiations. However, the Committee on Contributions had reached the same conclusion and had tentatively agreed that the scheme of limits should be phased out over the scale period, with an accelerated phase-out in the second year, and that the next scale should have a base period of six years. His delegation took it that those tentative agreements and the Committee's other tentative agreements and recommendations would be considered as a balanced package, one which deserved support.

25. His delegation agreed that the starting point for negotiations in the Fifth Committee should be the "unfinished work" of the Committee on Contributions. Special attention should be paid to the issue of the low per capita income adjustment, which could provide the key to the success of the negotiations on the next scale, and to the problem of the maximum assessment rate.

26. In the forthcoming negotiations, his delegation would be guided by three principles. First, a new scale of assessments for the period 1998-2000 should be adopted, preferably by consensus, by the end of 1997. Second, the expenses of the Organization should be apportioned according to capacity to pay, the existing unfair assessments should be corrected, and the scheme of limits should be completely phased out and the minimum assessment rate reduced. Third, current assessment rates should not be

extrapolated for the next scale period, even on a temporary basis, since such a decision would be contrary to the compromise agreements which had been reached. Progress could not be achieved simultaneously in all parts of the reform of the United Nations, but the adoption of the scale of assessments was of vital importance. The reform process would be facilitated if the Committee reached agreement on the scale sooner rather than later.

27. *Ms. Incera (Costa Rica), Vice-Chairman, took the Chair.*

28. **Mr. Pérez-Otermin** (Uruguay), speaking on behalf of the States members of MERCOSUR, as well as of Bolivia and Chile, said that the Committee's task was to agree on a scale of assessments that reflected the evolution of the world economy, without transferring unfair financial obligations from one group of States to another. The delegations on whose behalf he spoke supported proposal C, which represented a fair balance between the different methodologies suggested. It was important, however, to reach a decision on the matter, preferably by consensus, and to avoid frequent changes in the elements of the methodology. Moreover, in order for a decision to be adopted by consensus, it must ensure an equitable distribution of the Organization's expenses and avoid unfair and abrupt changes in the scale.

29. With regard to the ceiling to be applied in the future scale, the current ceiling even now did not reflect the real capacity to pay of its sole beneficiary. Any further reduction in the ceiling would therefore create additional distortions and require developing countries to absorb the financial cost and thereby subsidize a developed country. Indeed, for the developing countries, its effect would be equivalent to the loss of all the adjustments provided for in the current scale.

30. The scheme of limits should be gradually eliminated from the future scale in the same way as it was being eliminated from the current scale. On the other hand, the external debt burden and low per capita income adjustments were essential components of the scale methodology and should be maintained in the future scale. Special consideration should also be given to those developing countries which exceeded the per capita income threshold and whose assessments, as a result, became disproportionate to their capacity to pay.

31. **Mr. Soal** (South Africa) said that the principle of capacity to pay should remain the fundamental criterion of the methodology for the assessment of contributions, which should be paid in full, on time and without conditions. In recent years, the current scale methodology had come under increasing criticism from Member States as distorting and cumbersome. For example, the current ceiling conferred a massive discount on the assessment of the largest contributor, while some of the least developed countries with national incomes far below the floor rate were assessed contributions well above their capacity to pay.

32. The proposal for a reduction in the ceiling rate to 20 per cent would provide the largest contributor with a further discount of approximately $100 million per annum, a cost which other States would be expected to carry. From a political point of view, a reduction in the ceiling would artificially distort capacity to pay even further, while failing to reduce the Organization's reliance on a single contributor. Since there appeared to be no adequate methodological justification for reducing the ceiling rate, nor any demonstrable political benefit, his delegation supported the retention of the 25 per cent level.

33. One of the political arguments for the retention of a floor rate was that it established a minimum "membership fee" for the United Nations, a fee that had never been officially accepted by its Members. While superficially that fee did not seem to be particularly unaffordable to any State, bearing in mind the potential rights and benefits of membership, when analysed against the criterion of capacity to pay, States with a net national income share that was mathematically below the floor rate were paying relatively more for membership than other States.

34. Even though the scale of assessments did not function perfectly, it was clear that there was no simple alternative to the current methodology, although certain alterations would yield relatively greater benefits to developing countries. The current methodology, while cumbersome, had been developed by the General Assembly to ensure equity and to reflect the principle of capacity to pay. Since there was no methodological or statistical guideline which perfectly reflected both equity and capacity to pay, the political aspect of the scale was of paramount importance. If Member States could agree on the political dimensions, then the technical parameters would be more easily accepted as reflecting capacity to pay.

35. Revision of the current scale should thus be initiated as a matter of urgency and a new scale, based on simple, transparent, comparable and objective criteria, decided upon. His delegation supported the view that the non-payment of arrears and overdue contributions was one of the main causes of the financial crisis. South Africa accepted and fulfilled its legal obligations under the Charter and encouraged all Member States to do the same.

36. **Mr. Hanson** (Canada) said that his delegation's proposed methodology for establishing the scale of

assessments (proposal G) had many elements in common with other proposals and with the methodology used in previous scales. It advocated that the scale should be based on gross national product, with a statistical base period of three years; and that external debt relief should be based on actual debt flows; and that the existing formula for the low per capita income adjustment should be retained.

37. The most novel feature of the proposal was the progressive apportionment of the burden created by the low per capita income adjustment among Member States whose per capita income was above the world average. Under that formula, the assessments of 39 Member States would decrease and those of six would increase, thereby shifting a total of 0.6352 percentage points from the former to the latter group. Those results were obtained by using a positive gradient of 25 per cent. His delegation, however, was flexible about the use of some other gradient or some other method of progressive apportionment.

38. His delegation's proposal also called for the elimination of the floor, which, even at the rate of 0.001 per cent, created serious inequities especially for the smallest and least wealthy Member States. Since the total adjustment was of the order of 0.016 percentage points, outright elimination of the floor would have little consequence for the larger contributors.

39. His delegation also had reservations about the ceiling, which conferred a major benefit on the largest and wealthiest contributor paid for by smaller and less wealthy Members. It had been argued that excessive reliance by the Organization on a single large contributor was unhealthy. It was difficult, however, to see how such reliance could be significantly reduced by any of the proposals currently before the Committee. The principles of equity and capacity to pay would be better served if there were no ceiling.

40. Nevertheless, a ceiling had always been part of the scale methodology and his delegation's proposal included a ceiling at the long-established level of 25 per cent; that would reduce the assessment rate of the largest contributor by 4.0401 percentage points. Under the proposal, that reduction alone was greater than the rate of assessment of all but five contributors. There were dozens of contributors, most of them developing countries, which, under the existing scale methodology, were assessed a higher proportion of their per capita income than the largest contributor. In order to safeguard against such inequities, which would be exacerbated if the ceiling were lowered, it might be necessary to return to the "per capita ceiling" which had been part of the methodology from 1956 to 1974. That would ensure that no contributor had to bear a higher per capita assessment than the largest contributor.

41. His delegation was concerned about suggestions that financial contribution was in some way a criterion for reform of the Security Council and that there was a link between the scale of assessments and an increase in the number of permanent members. Financial contribution could not be the criterion, since there were currently at least 13 Member States with higher rates of assessment than at least one of the current permanent members of the Council. The criteria set out in Article 23 of the Charter should be the only ones used to determine the composition of the Council. Given the lack of general agreement on that delicate issue, his delegation favoured, for the time being, an increase in the non-permanent category of members only.

42. As his Minister for Foreign Affairs had stated at the 12th plenary meeting of the General Assembly, broader reform must necessarily fail as long as Member States continued to demand more of a system to which they contributed less. Effective leadership and moral authority were rooted in respect for undertakings and obligations freely entered into by Member States. It was the responsibility of each Member State to pay its dues in full, on time and without conditions. Looking ahead, there might come a time when Members would choose to reconsider aspects of the Organization's current financial underpinnings and collectively decide that, in order to broaden responsibilities and share power in ways that better reflected current international realities, some adjustments to the scale of assessments were warranted. Such decisions, however, could be neither prejudged nor presumed and would no doubt be influenced by the commitment of those advocating such changes to the broader purposes of the Organization.

43. **Mr. Qin Huasun** (China) said that his delegation fully concurred with the statement made by the representative of the United Republic of Tanzania on behalf of the Group of 77 and China. The Organization's financial crisis was the consequence of the substantial arrears of some major contributors, particularly the largest contributor. The immediate payment of that contributor's arrears was the only way to resolve the crisis, which could not be attributed to the scale of assessments. All Member States should fulfil their financial obligations under the Charter by paying their assessed contributions in full and on time. The Member State with the largest arrears should clear them unconditionally and without delay.

44. The current scale methodology was fair and reflected the principle of capacity to pay. However, his delegation was not opposed to adjustments to bring the scale more into line

with that principle, which had proved in practice to be effective and in the interests of the general membership. Referring to the fact that one delegation had raised the concept of "responsibility to pay", he said that his delegation reiterated its position that such a principle was not tenable since it was a disguised proposal of money for power. The United Nations was neither a joint-stock company nor a club of the rich, and any proposal to base a country's role in United Nations affairs on the amount of its contribution was contrary to the spirit of the Organization.

45. There was no truth in the rumour that his delegation would consider lowering the assessed contribution of the largest contributor and raising its own contribution to over 4 per cent. There had been no change in his delegation's position of principle on the scale of assessments. Adjustments to the scale affected the entire membership and should therefore be made by the entire membership on the basis of democratic consultation. Changes should not be determined by a few Member States in private. Any unilateral move in that direction would fail.

46. China was fully aware of its responsibilities to the United Nations and to world peace and security. It had fulfilled its obligations to the regular budget and had taken on extra obligations for peacekeeping operations. As its economy developed, it would be ready to make a due contribution in accordance with the Charter and did not object to the adjustment of the scale for the next three years on the basis of capacity to pay. China's economy had grown rapidly over the past decade but it still remained a developing country with a very low per capita income - $620 in 1995 according to the World Bank, in other words far below the world average of $4,880 and the average of $1,090 of the developing countries. China faced a long and arduous economic road. Even at current growth rates it would need several decades to catch up with the moderately developed countries. Any drastic increase in its assessed contribution would therefore be entirely unacceptable.

47. It was to be hoped that all parties would engage in constructive and democratic consultations with a view to finding a scale methodology for the period 1998-2000 which would be acceptable to all Member States and consistent with the principle of capacity to pay.

48. **Mr. Najem** (Lebanon) said that his delegation supported the position taken by the Group of 77 and China on agenda item 120. The fact that some developing countries were unable to honour their financial obligations did not mean that they were not bound by the purposes and principles of the United Nations, particularly with respect to Article 19 of the Charter. He hoped that a regular rise in the level of assessments would not be seen as the only solution to the financial crisis, since many other factors were involved. The principles of low per capita income adjustment and capacity to pay must continue to be applied if any long-term solution to the United Nations financial crisis were to be found and in order to ensure that the least developed countries did not bear an impossible burden. The special arrangements for the financing of peacekeeping operations should be maintained, pursuant to General Assembly resolutions 1874 (S-IV) of 1963 and 3101 (XXVIII) of 1973, which referred to the special responsibilities of the States permanent members of the Security Council in the financing of such operations. His delegation wished to reaffirm the principle of collective responsibility for the financing of the Organization in order to enable it to carry out its mandate in the interests of all Member States.

49. **Mr. Tcholakov** (Bulgaria) said that the element of debt burden adjustment should be retained in any future scale of assessments as an additional incentive for debt repayment discipline. The criterion of adjustment for external debt, including interest payments, should also be maintained. In recent years, Bulgaria's own debt situation had become unmanageable, partly as a result of its strict enforcement of various United Nations sanctions regimes which had had a direct and adverse impact on its economic performance.

50. His delegation was in favour of a low per capita income adjustment as an arrangement for sharing the burden and had an open mind about the exact value of its gradient or the need for further qualifications of that criterion. With regard to the competing ideas on the ceiling for the scale, his delegation was prepared to go along with any constructive and creative arrangement based on the United States initiative, with a view to achieving a breakthrough in the payment of arrears by the largest contributor to the regular budget and, indeed, to the entire United Nations system. That unique opportunity should not be missed.

51. **Mr. Jawarneh** (Jordan) said that the fact that the Committee on Contributions had reached initial agreement on a number of factors crucial to the scale of assessments provided a good basis for debate in the Fifth Committee. His delegation supported the statement made by the Group of 77 and China. If Member States mustered the requisite political will, the Committee would undoubtedly be able to arrive at a consensus scale favourable to the membership at large.

52. The current financial crisis was due to the fact that too many Member States failed to pay their contributions in full and on time. That had also contributed to delays in

reimbursements to troop contributing countries, including Jordan.

53. Capacity to pay should remain the chief criterion in determining assessments. The low per capita income adjustment should remain a major component of the methodology, as should debt-burden adjustment, in view of the enormous volume of accumulated foreign debt carried by developing countries. Economic and social indicators affecting development should also be taken into consideration. His delegation endorsed the recommendation made by the Committee on Contributions with regard to the floor. He trusted that the Fifth Committee would be able to agree on an equitable scale.

54. **Mr. Rodríguez Parilla** (Cuba) regretted that, despite its efforts, the Committee on Contributions had failed to reach agreement. He supported the statement made on behalf of the Group of 77 and China, whose proposal at the previous session might offer a sound basis for a decision on the scale of assessments.

55. The need to apply the principles of justice and equity in decisions on each element of the scale was of particular importance in order to ensure that there was no undeserved negative impact on developing countries, which bore no responsibility for the current situation and had not the capacity to resolve world economic problems.

56. His delegation was gravely concerned about a certain degree of pressure, and even direct threats, which went beyond the right of any Member State to decide whether or not it would remain a member of a specific international organization and to seek to hold the United Nations hostage for domestic political reasons, to the detriment of the sovereign equality of Member States.

57. The elements of the methodology on which there was agreement offered a good basis for discussion. His delegation agreed that a six-year base period was appropriate; that the exchange rate criteria set forth in General Assembly resolution 46/221 B should continue to apply, that the low per capita income and debt-burden adjustments should be retained; and that the floor should be lowered to 0.001 per cent, since many developing countries had assessments above their capacity to pay. His delegation could not, however, accept a reduction in the ceiling, since that would mean that the beneficiary State would receive an assessment far below its capacity to pay. Indeed, the ceiling constituted a serious distortion of capacity to pay, and should be eliminated. Under no circumstances should any possible reduction in the ceiling lead to increases in the assessments of developing countries, and future scales should not be affected by any redistribution of points as a result of such an action. He reaffirmed the principle of capacity to pay as the fundamental criterion in determining the assessment of each Member State.

58. The serious financial situation was not connected with the scale methodology. The cause of the crisis was the failure on the part of the major contributor — and the major beneficiary of the Organization — to pay its assessed contributions in full, on time and without conditions. At the same time, it was important to take account of the economic realities faced by certain countries which were unable to pay their contributions as a result of their history and the current state of the world economic order.

59. His Government would discharge its obligations under the Charter, and had recently made a payment to the Organization, despite the difficult economic circumstances and financial constraints which the country faced.

60. **Mr. Akplogan** (Benin) said that, on the occasion of the fiftieth anniversary of the Organization, Heads of State and Government had undertaken to ensure that the Organization would enter the twenty-first century with the means, financial resources and structures necessary to serve the peoples on whose behalf it had been created. To discharge those commitments, Member States must fulfil their obligation to meet the Organization's expenses in full and on time in accordance with the scale of assessments. The success of the Secretary-General's reform programme would depend on the political and financial commitment of each State.

61. His delegation supported the statement made on behalf of the Group of 77 and China. The fundamental cause of the critical financial situation was the failure of certain major contributors to discharge their financial obligations under the Charter in full, on time and without conditions. The scale of assessments, while important, was not linked to the critical financial situation. Accordingly, his delegation could not support the view that it would be enough to change the scale methodology, as sought by a minority of States, for financial obligations to be honoured.

62. Any review of the scale methodology that failed to take account of capacity to pay — which must remain the fundamental criterion — was likely to create difficulties for the developing countries, in particular the least developed countries. In that connection his delegation supported the reduction in the floor to 0.001 per cent. On the other hand, any change in the ceiling could only come at the expense of the developing countries. Moreover, the peacekeeping scale must reflect the responsibilities of the permanent members of the Security Council.

63. Development activities, of which his country was a major beneficiary, depended on the availability of reliable and predictable resources. Benin had paid its contributions to the Organization in full, and he invited all Member States to do likewise.

64. **Mr. Wilmot** (Ghana) said that, while he would have preferred the Committee on Contributions to have carried out conclusively the difficult task assigned to it by the General Assembly in resolution 51/212 B, he appreciated its efforts and trusted that its report would assist the Fifth Committee in its deliberations.

65. The Committee now had eight proposals before it, and the prospect of one proposal being accepted by all Member States seemed remote. All the eight proposals, however, contained positive and reasonable elements which were worthy of attention. He welcomed the tentative agreement reached on the base period, the debt-burden adjustment and the scheme of limits. The conclusions and recommendations of the Committee on Contributions should help the Fifth Committee to find common ground.

66. The length of the base period should reflect changes in economic development and ensure stability in the scale of assessments. His delegation therefore endorsed a base period of six years as a reasonable compromise. With regard to the debt-burden adjustment, economic development in many developing countries had been adversely affected by heavy debt burdens and debt servicing, and that had greatly hampered their capacity to pay. The debt-burden adjustment should therefore be retained in the methodology.

67. His delegation supported a gradual phase-out of the scheme of limits, and accepted the view that market exchange rates should be used for conversion, except where that would cause excessive fluctuation or distortion in the income of some Member States, in which case price-adjusted rates of exchange should be used. His delegation also agreed that estimates of gross national product should be used as the basis for measuring income.

68. He supported the recommendation that all Member States whose share of adjusted world income was less than the current floor of 0.01 per cent should be assessed at their actual share of adjusted income, subject to a minimum assessment rate of 0.001 per cent. Such a floor rate would allay the concerns of small developing countries. He also agreed that the scale of assessment should be carried to three decimal places.

69. The Organization's precarious financial situation was not due to the scale of assessments, but, rather, to the non-payment of contributions already approved in accordance with the scale adopted by consensus. The situation was thus artificial, created solely by those Member States which unilaterally and unjustifiably refused to honour their obligations. All those concerned should pay their arrears in full, without any conditions. Most of the arrears were, in effect, debts owed to poor third world countries for their participation in peacekeeping operations.

70. The legally binding commitments arising from the current scale of assessments were not to be confused with rates of contribution desired under a new scale which was to be agreed. Any State which believed that its assessment should be revised in the new scale was free to say so, but the right approach was to enter into negotiations with the Organization, armed with all the relevant data. Confrontational postures calculated to coerce or intimidate the Organization were unhelpful and counter-productive. Member States should consider not only what they put into the Organization, but also what they got out of it, in terms of procurement, employment of nationals and revenue from living expenses of delegations, and, above all, in terms of the forum the Organization provided for the pursuit of foreign policy objectives. The United Nations served the vital interests of all Member States. Delegations must decide whether they wanted a strong and viable United Nations that could serve mankind, or a United Nations crippled by insolvency, controversy and uncertainty.

71. *Mr. Chowdhury (Bangladesh) resumed the Chair*

72. **Mr. Elmontasser** (Libyan Arab Jamahiriya) said his delegation supported the statements made by the representatives of the United Republic of Tanzania, on behalf of the Group of 77 and China, and of Colombia, on behalf of the Movement of Non-Aligned Countries, which both served as an excellent basis for discussion of the current agenda item.

73. The task of the Committee on Contributions in trying to elaborate a ninth proposal was no easy one. It was unfortunate that it had not succeeded since that made the Fifth Committee's discussion more difficult, especially given the fact that an impasse had been reached at the fifty-first session and that there was a lack of goodwill and genuine political determination. Current criticism and the failure of States to pay assessed contributions demonstrated that the recommendations of the General Assembly had not been implemented. Foremost amongst those recommendations was that the principle of capacity to pay should be the fundamental criterion for the apportionment of the expenses of the Organization. Unfortunately, that principle had not been fairly applied in recent years. United Nations statistics showed that poorer countries often paid a greater percentage

of per capita income than richer countries, a percentage which often exceeded their ability to pay. Those countries had the right to request a low per capita income adjustment and to scrutinize future scales of assessment, to ensure that the principle of capacity to pay was applied.

74. Exemption from the provisions of Article 19 of the Charter was unevenly awarded. Clear guidelines were necessary in order to ensure the application of the principle of the equality of all Members, regardless of political considerations. He requested that the Secretariat should inform Member States in good time when the provisions of Article 19 were likely to be applied to them, particularly in the case of small States which did not have the human and technical resources to be able to follow up on that sensitive issue.

75. His delegation hoped that an equitable scale of assessments could be prepared, which would be in the interests of all Member States and enable the Organization to implement all its programmes.

76. **Mr. Sulaiman** (Syrian Arab Republic) thanked the Committee on Contributions for translating the proposals put forward in General Assembly resolution 51/212 B into figures. It might be difficult to reach unanimous agreement on the methodology for the scale of assessments.

77. His delegation supported the statement made on behalf of the Group of 77 and China. His delegation, as a member of the Group of 77, had been one of those which had adopted the Group's proposal the previous year concerning the methodology, but there was no justification for any increase in its contributions.

78. Over recent years, his country's level of contribution had been regularly raised, with no justification. His delegation had objected to the increase from 0.04 per cent to 0.05 per cent in the scale which had been adopted for 1997, and his country's contribution had now been increased to 0.06 per cent. His delegation did not understand the reason for that increase at a time when the contributions of many countries in a more favourable economic position had decreased. It was not logical that the contributions of some developed countries should decrease at the expense of developing countries such as his own. Despite the increase imposed on it, however, his country had paid its contributions over the past three years.

79. The worrying financial situation currently being experienced by the Organization bore no relation to the scale of assessments. The financial crisis was a crisis of accumulated arrears, involving in particular countries with large assessed contributions, as was clear from reports on the financial situation.

80. His delegation had always maintained that the principle of capacity to pay should be the fundamental criterion for the apportionment of the expenses of the Organization and he wondered how that principle had been applied in deciding on his own country's assessment. His delegation believed that it was necessary to respect not only the principle of capacity to pay, but also the principle of equity. The Syrian economy, during the period covered by the previous scale of assessments and to date, had not undergone any major growth that could justify the increase imposed in any of the proposed scales. His country was scrupulous in paying its annual contributions to the regular budget of the United Nations and for peacekeeping operations. The scale of assessments must take into account many factors, including the financial situation of developing countries and the issue of debt, which particularly affected the economies of those countries. The special circumstances applicable in countries such as his own, which suffered from occupation, must also be taken into consideration. Israel continued to occupy a large area of Syrian territory, namely the Syrian Arab Golan, an area which was rich in economic and agricultural resources that had been an important component of the gross national product. No special consideration had been allowed for that circumstance; his country's contribution had, instead, been regularly increased. That was illogical.

81. With regard to the budget for peacekeeping operations, he stressed the need for the maintenance of the special arrangements for the financing of such operations. Permanent members of the Security Council had a special responsibility for the financing of such operations, pursuant to General Assembly resolutions 1874 (S-IV) and 3101 (XXVIII).

82. **Mr. Ciobanu** (Republic of Moldova) said that the report of the Committee on Contributions reflected its efforts to find a better methodology and a common approach for the scale of assessments for the period 1998-2000. Since the implementation of the reform of the United Nations depended largely on the Organization's financial resources, the establishment of the equitable new methodology would be a first step towards improving the financial situation and moving the reform process forward.

83. Every Member State should pay its assessed contributions on time and in full. Despite its economic difficulties, the Moldovan Government was making every effort to meet its financial obligations, since it believed that the evidently unfair assessment of a number of countries

must not be allowed to aggravate the financial crisis of the United Nations. However, a considerable part of the arrears of many countries was beyond their capacity to pay. Financial support of the United Nations should be based on the equitable distribution of its expenses among the Member States in accordance with the principle of capacity to pay. That must remain a basic criterion. His delegation supported the recommendations contained in paragraphs 82 and 84 of the report concerning the continuing relevance and importance of the principle of a low per capita income adjustment, and it agreed to the Committee's proposal that the future scale of assessments should be based on gross national product. The best way to reflect each country's economic situation was to have a short base period, three years for example. Since such a change in the methodology could lead to technical difficulties, however, a longer period, but no more than six years, would be acceptable.

84. The recommendations of the Committee on Contributions should improve the future methodology and help to prevent non-payment of contributions. It was to be hoped that that Committee would take its decisions by consensus and continue its practice of engaging in a flexible discussion of the issues. The decisions taken by the Fifth Committee at the current session would no doubt help to improve the methodology.

85. **Mr. Kelapile** (Botswana) said that his delegation wished to reaffirm some of the points already made by the representative of the United Republic of Tanzania on behalf of the Group of 77 and China. It welcomed the report of the Committee on Contributions but regretted that it had been unable to reach a consensus on certain elements of the future scale of assessments. His delegation would accept any scale which was consistent with Article 17 of the Charter.

86. Every Member State must meet its financial obligations to the Organization, and arrears must be cleared quickly. The principle of capacity to pay should remain the cardinal criterion for the apportionment of the expenses of the United Nations. The financial crisis had nothing to do with the scale methodology but was a consequence of the failure by some Member States to meet their obligations on time, in full and without conditions. His delegation was ready to engage in a constructive dialogue with a view to solving the Organization's financial problems.

The meeting rose at 12.45 p.m.

United Nations A/C.5/52/SR.15

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Chairman: Mr. Chowdhury ..... (Bangladesh)

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97-82340 (E)

The meeting was called to order at 10.10 a.m.

Agenda item 116: Proposed programme budget for the biennium 1998-1999 *(continued)* (A/52/6/Rev.1 (vols. I and II), A/52/7, A/52/16, A/52/278, A/52/303 and A/52/379; A/C.5/51/53)

General debate (continued)

1. **Mr. Retta** (Ethiopia) said that his delegation associated itself with the statement made by the representative of the United Republic of Tanzania on behalf of the Group of 77 and China. In its consideration of the proposed programme budget for the biennium 1998-1999 the Committee should bear in mind the following points: the United Nations was undergoing reform to make it more effective in meeting its objectives; its financial situation was at a critical stage and the implementation of mandated programmes was threatened; the regular budget and core resources were declining; and there was an upward trend in non-budgetary resources.

2. His delegation commended the Secretary-General's intention to increase resources for economic and social development, but as yet such resources did not match the needs, especially of the least developed countries and Africa. The budget proposals for development in Africa showed a 1.9 per cent increase for the biennium 1998-1999 as compared with the current biennium. That was a very small increase, and all possible means of increasing the resource level should be explored.

3. The Economic Commission for Africa (ECA) had made a significant contribution to Africa's development and had facilitated its integration into the globalized world economy. More resources had to be channelled to ECA to enable it to attain its objectives. ECA also played an important role in strengthening the regional economic communities, which were regarded as cornerstones for the realization of an African economic community. Care should be taken to avoid duplication of work by ECA and those communities and to ensure that the deployment of 25 per cent of the ECA staff to subregional centres did not undermine its central functions.

4. His delegation attached paramount importance to programme 9 (Trade and development) of the medium-term plan for the period 1998-2001, since the United Nations Conference on Trade and Development (UNCTAD) had served as a focal point for the Programme of Action for the Least Developed Countries for the 1990s. If the principles agreed upon during the mid-term review of the Programme were to be applied before the global review in 2000, reasonable resources would have to be allocated for its activities.

5. The hiring of international consultants was a source of concern, and the comments made by the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in paragraph V.19 of its first report on the proposed programme budget for the biennium 1998-1999 (A/52/7 (chap. II, part V)) concerning the relationship between consultants and ECA staff deserved support.

6. The reductions in costs and staff proposed by the Secretary-General must not be an end in themselves nor should they adversely affect mandated programmes. The implications of those administrative measures must therefore be carefully studied in order to promote trust between the Member States and the Secretariat.

7. **Mr. Saguier Caballero** (Paraguay), speaking on behalf of the Rio Group, said that the Group associated itself with the statement made on behalf of the Group of 77 and China. The various reports of the Advisory Committee and the Committee for Programme and Coordination (CPC) would be very helpful to the Fifth Committee, even though CPC had been unable to make recommendations on all the sections of the proposed programme budget.

8. Because of the exceptional conditions in which it had been approved, the programme budget for the biennium 1996-1997 had constituted a departure from the normal decision-making process. As a result of a political deal, the General Assembly had decided that the total expenditures for that biennium would total $104 million less than the amount provisionally agreed upon. During the biennium, the Member States had then had to identify how to distribute the budget cuts while ensuring that all the programmes were fully implemented. The result was that 1996 had become a new budget year, disrupting the biennialization of the Committee's agenda. The programme budget for the biennium 1996-1997 was still unfinished and, in that connection, the Rio Group reiterated the concerns expressed in its statement at the Committee's 7th meeting. Between that unfinished budget and the new proposals, the Organization had experimented with all sorts of administrative action, not necessarily consistent with the budgetary and administrative rules. In addition, since 1987 it had been in a state of reorganization and financial difficulty. Nevertheless, the Rio Group acknowledged the Secretary-General's efforts to secure institutional reform.

9. The initial estimates for the biennium 1998-1999 showed a net decrease of $123.9 million. As the Advisory Committee had correctly pointed out, the exact figure of the total budget for the biennium would depend on an evaluation

of whether the total figure was compatible with the full implementation of all mandated programmes and activities.

10. With regard to the Advisory Committee's observations on changes in the budget methodology and in budgetary procedures, he pointed out that, in resolution 51/221, the Assembly had prohibited any such changes without its prior approval, through ACABQ. However, without such approval, the proposals for the biennium 1998-1999 included net budgeting for the International Civil Service Commission (ICSC), the Joint Inspection Unit (JIU) and the services provided by the United Nations at the Vienna International Centre. Without prejudice to the merits of net budgeting, it was disquieting that $39.2 million had been cut and 356 posts abolished. The Secretariat should consider reintroducing gross budgeting. On a related issue, the Secretary-General's proposal on budgeting by results required greater elaboration, for it represented a considerable departure from the budget methodology set out in resolution 41/213.

11. The Secretary-General was requesting a total of 8,973 posts, a net reduction of 1,173 temporary and permanent posts. The Rio Group was not opposed to staff cuts but was concerned about cutting posts which had been deliberately left vacant during the biennium 1996-1997 without any evaluation of the impact on programme implementation. The Secretary-General's report on the impact of savings measures on the implementation of mandated programmes and activities (A/C.5/51/53) left no doubt as to the negative repercussions. Furthermore, the Rio Group endorsed the Advisory Committee's view that the postponement of programmed activities did not imply their cancellation, merely their postponement until the following biennium.

12. It was essential to strengthen United Nations activities connected with economic growth and sustainable development. In that connection, the Rio Group attached special importance to the work of the Economic Commission for Latin America and the Caribbean (ECLAC) and would welcome additional information about the pilot project at ECLAC referred to in paragraph 30 (b) of the ACABQ report (A/52/7) so that the General Assembly could evaluate the expected impacts and benefits. In resolution 51/220, the General Assembly had decided that the preliminary estimates for the next biennium did not include a provision for special missions for which there were no legislative mandates. The estimates for the missions to which the Rio Group attached special importance were still not known, but they should not be financed at the expense of development activities.

13. The estimates for extrabudgetary resources totalled 170 per cent more than the regular budget estimates. As the Advisory Committee had stated, much remained to be done with respect to extrabudgetary activities: its recommendation that the role of extrabudgetary financing should be explained in the narrative part of the programme budget deserved support.

14. The Rio Group understood that the budget proposals for the biennium 1998-1999 were essentially preliminary and it would like to know the Chairman's views about the best way to use the resources allocated to consideration of the item. It wished to reiterate, in conclusion, that the exercise of approving the programme budget would be pointless unless the Member States met their financial obligations and provided the resources necessary for carrying out the approved activities.

15. **Mr. Kamal** (Pakistan) said that his delegation appreciated the work done by ACABQ and CPC and associated itself with the statements made on behalf of the Group of 77 and China on the proposed programme budget for the biennium 1998-1999 and on the Secretary-General's report on the impact of savings measures (A/C.5/51/53). That report showed that a number of programmes and activities had been adversely affected, notwithstanding the assurances given by the Secretary-General that care would be taken to ensure that mandated activities were not affected (A/C.5/50/57/Add.1, para. 5). It also pointed out that the budget reductions had placed an extra burden on the staff. His delegation agreed with the Secretary-General that the Secretariat must be fully equipped to meet future needs. The Advisory Committee had rightly pointed out, in that connection, that the Secretary-General should present proposals on the total funding requirements to ensure full implementation of all mandated programmes and activities; the General Assembly had also repeatedly requested the Secretary-General to submit the budget proposals on a full-cost basis. It nevertheless remained the responsibility of Member States to restore the Organization's financial base and provide assured political and financial support.

16. There was an apparent contradiction between the report on the impact of savings measures and the budget proposals for the coming biennium: in view of the resource constraints during the current biennium, the proposals for the biennium 1998-1999 should have made adequate resource provision in order to avoid the recurrence of difficult situations. In fact, the proposals represented a reduction in the resources required for the implementation of mandated programmes and activities. In 1996, in his report on the proposed programme budget outline for the biennium 1998-1999 (A/51/289), the Secretary-General had

proposed a reduction of $178.9 million compared with the initial appropriation for 1996-1997. The Advisory Committee had requested that the General Assembly should be provided with the specific components of the proposed reduction and an explanation of its practical implications. The resources now requested for the biennium 1998-1999 showed a net reduction of $123.9 million compared with the revised appropriation for 1996-1997. That request would have to be examined thoroughly to ensure that approved mandates and activities were not affected once again. The Secretariat should provide a full justification for the reduction in the level of resources.

17. His delegation agreed with ACABQ that a high vacancy rate hampered the delivery of mandated programmes and made the budget process less transparent and staff management more difficult, and that the proposed staff reduction should be justified in the same way as staff increases. In document A/51/289, the Secretary-General had proposed cutting 1,000 posts, and in document A/51/950, he had stated that a plan to phase out gratis personnel would be submitted. The two issues could not be considered in isolation from one another. The staff reduction had now been formally proposed, but the plan to phase out gratis personnel had yet to be carried out. The Committee should request the Secretary-General to submit that plan before it began informal consultations on the budget proposals for the biennium 1998-1999.

18. The Secretariat should not propose anything in the budget which went beyond the mandates set out in the medium-term plan and the relevant General Assembly resolutions. It was the responsibility of Member States to ensure compliance with the legislative mandates and to provide resources commensurate with those mandates, in fact to heed the Secretary-General's appeal for continuous, predictable and assured political and financial support. His delegation endorsed the Advisory Committee's observation that any lowering of the standards of rigorous budget scrutiny must not be permitted and that any changes in the budget process should be made in accordance with agreed procedures. In that connection, it reaffirmed the importance of rule 153 of the rules of procedure of the General Assembly.

19. The Financial Regulations of the United Nations and the relevant resolutions of the General Assembly concerning the demands for independent audits and management reviews must also be respected. The Organization's auditors had a vital role to play in restoring its financial health, and their recommendations should be fully implemented. The Organization should also devise accountability rules applicable to losses caused by mismanagement.

20. His delegation endorsed the Advisory Committee's recommendation that the Secretariat should be held strictly accountable for the submission of documentation in accordance with the six-week rule. Once again, owing to the late submission of documents, the Advisory Committee had had to reschedule its meetings and, as a result, the Fifth Committee would be under great pressure to finish its work on time.

21. The Secretary-General had emphasized the need for expeditious consideration of his reform proposals. In his address to the General Assembly during the current session, the Prime Minister of Pakistan had expressed support for the reform process, while emphasizing the cardinal importance of the Charter, and had gone on to say that, although the United Nations stood on the brink of bankruptcy, the reforms must not fall victim to the narrow preferences of a chosen few, for true reform had to take into account the interests of all. His delegation would continue to work assiduously for the realization of the promise which the United Nations had made to mankind.

22. **Mr. Powles** (New Zealand), speaking also on behalf of Australia and Canada, said that, on the occasion of the fiftieth anniversary of the United Nations, world leaders had challenged the secretariats of the system to improve significantly their efficiency and effectiveness in administering and managing the resources allocated to them. The Secretary-General's current budget and reform proposals had fully responded to that challenge; he had for the first time produced a budget based on negative real growth while respecting the medium-term plan. Furthermore, the Secretary-General had given assurances that the proposed reductions would not affect the implementation of mandated programmes and activities. He deserved commendation for restoring most of the activities postponed or curtailed in 1995. It was especially gratifying that the budget cuts had been made possible in part by reductions in overhead spending and were being effected without the involuntary separation of a single staff member. Many Member States had suffered the imposition by their national legislatures of similar budgetary constraints and had had to review the way in which they organized and conducted their business. Such a review was even more complex for an Organization which had to reconcile the interests of 185 Member States. Budget discipline could, however, promote sound management, as ACABQ had noted as early as 1948. Such discipline could be especially important when income flows were uncertain.

23. It was also gratifying that the Secretary-General had been able to propose a net increase of some $56 million for social and economic development. That increased provision, coupled with the proposal for a development dividend

account, should ensure improved delivery of high-quality services to Member States. The three delegations supported the Secretary-General's broad policy objectives and the increased attention given to the special needs of Africa, the least developed countries and small island developing States. The increased resources for work on the advancement of women was also welcome, as was the news that the Office of Internal Oversight Services would at last be on a full-cost budgeting basis. While reductions in almost all areas of activity might be unavoidable in the current situation, the crucial mandates of the human rights programme could not be sustained without a more adequate resource base, and the essential coordination functions in humanitarian emergencies should be fully supported, in the medium term, by funding from the regular budget.

24. The total resources requested for the Department of Peacekeeping Operations still did not fully reflect the requirements for the activities undertaken by the Secretariat and the Department remained disproportionately dependent on gratis personnel and on staff funded from the support account to discharge its basic functions. Consideration of the issue, moreover, continued to be affected by the lack of a clear picture of the Department's overall staffing needs and of proposals for meeting them.

25. The time had come for specific budgetary provisions to be made for special missions relating to peace and security, since the Organization's experience and expenditures over the past 10 years showed that peacekeeping functions, if not individual mandates, were of a perennial nature. A specific recurrent line item in the budget was therefore justified and a suitable mode of financing should be found to link the utilization of resources to mandates so as to avoid the danger of over-assessment.

26. On the question of additional expenditures related to currency and inflation movements and mandatory increases in staff remuneration, the delegations on whose behalf he was speaking could not endorse automatic cost escalations and increments and wished to see a more systematic and prudent approach taken in the matter in order to minimize the possibility of "add-ons" to the initial level of appropriations.

27. On the question of budget methodology, he supported in principle the concept of net budgeting for all jointly financed activities and services, since it provided a more accurate reflection of true expenditure levels. Fuller details of the Secretary-General's proposals, including estimates of income and staff assessment, however, were needed before any final decisions could be taken.

28. In that connection, he regretted that the financial statements for 1996, which should have been submitted to the Board of Auditors no later than 31 March, had not yet been issued. He was disappointed that forecasts of projected expenditure for the current biennium had been omitted from the budget documents despite the request by the General Assembly in resolution 48/228.

29. There was no empirical evidence to support the Advisory Committee's view that further analysis was needed to confirm that the efficiency reviews undertaken during the current biennium had mitigated the impact of budgetary reductions on programme delivery; it would therefore not be an efficient use of the Committee's time to continue to debate the issue. Within the severe budgetary constraints imposed by the General Assembly, the Secretariat had achieved a creditable level of programme delivery, mostly through productivity gains realized from the use of new technology. Efficiency reviews and pilot projects were a normal feature of modern management culture and it was only when an initiative would impinge on mandates or existing staff and financial regulations that the relevant intergovernmental authority needed to be involved.

30. The Advisory Committee had chosen to comment exhaustively on the issue of efficiency gains, at the expense of advising the General Assembly properly on the general features of the current budget proposal. For example, the Secretary-General's emphasis on social and economic development in developing countries seemed to have escaped its attention.

31. The full implementation of mandated programmes, however, depended as much on payment by Member States of their assessed contributions in full, on time and without conditions as it did on the Secretary-General's ability to run an efficient and effective Organization. Budget discipline and management reform could not be a substitute for the provision of the agreed level of basic resources, especially by those Member States which had the capacity to pay. Nothing less than the fulfilment of those fundamental Charter obligations was acceptable.

32. **Mr. Mabilangan** (Philippines) noted that the planning, programming and budgeting process outlined in General Assembly resolution 41/213 had come under severe pressure from the constant state of re-organization and financial difficulties which had plagued the Organization over the past 10 years. He therefore hoped that, once the General Assembly had taken appropriate action on the Secretary-General's reform proposals, the Secretariat and the legislative bodies would then be able to focus on achieving

the Organization's goals and objectives, as set out in the Charter.

33. The reduction in the proposed programme budget for the biennium 1998-1999 compared with the budget for the current biennium should not be taken to mean a reduced role for the Organization and should not affect the full implementation of all mandated programmes and activities, especially in the field of international and regional cooperation for development. His delegation in principle welcomed the Secretary-General's proposal that the proportion of regular budget resources devoted to administration and other non-programme costs should be reduced and that the savings should be redirected to substantive programmes in the economic, social and related fields. Member States, however, must be provided with the data and analysis necessary for them to reach an informed decision. His delegation therefore looked forward to the information which ACABQ had requested in paragraph 30 (c) of its report (A/52/7).

34. His delegation noted the Secretary-General's proposals for reductions in the staffing level and wished to seek assurances from the Secretariat that the reductions would not adversely affect the full implementation of mandated programmes and activities. It would have been preferable for the Secretary-General to have included in his budget proposal all the posts needed to ensure the implementation of approved programmes and activities without the need to resort to gratis personnel.

35. His delegation was also uncertain about the feasibility of achieving the proposed vacancy rate of 5 per cent for Professional staff and 2.5 per cent for General Service staff during the biennium 1998-1999, given the level of proposed post reductions and its implications for the efficient and effective delivery of mandated programmes and activities. It commended the dedication of the many staff members who had had to assume additional responsibilities and wished to stress the importance of providing staff with adequate training to enable them to respond effectively to the changing needs of the Organization.

36. The concept of net budgeting required further elaboration. His delegation shared the view expressed by ACABQ in paragraph 45 of its report that, pending a specific decision by the General Assembly on the concept, the status quo of budgeting on a gross basis for the Joint Inspection Unit and the International Civil Service Commission should be maintained. Once the Organization's budget was approved, however, Member States must faithfully honour their Charter obligations and pay their assessed contributions in full, on time and without conditions.

37. **Ms. Flores Prida** (Cuba) said that the fundamental aim of the Committee's decisions on the proposed programme budget must be to provide the Organization with the resources which it needed to discharge its mandated programmes and activities fully and effectively, to restore and improve the quality of the services provided, and to help to dispel the uncertainty which had developed following the adoption of resolution 50/214, as a result of political pressure. The international community had hoped that resolution 41/213, which represented a delicate political balance and was aimed at resolving the Organization's financial difficulties, would remove the obstacles that prevented the largest contributor from paying its assessments in full and on time. Those hopes had not been realized and the Organization continued to be gripped by a crisis caused mainly by the politicization of contributions and, to a lesser extent, by the economic difficulties faced by a number of developing countries, including her own.

38. The process which had led to the adoption of resolutions 50/230 and 50/231, as well as the letter and spirit of those resolutions, were a violation of resolution 41/213. Such violations were also present in the proposed programme budget presented by the Secretariat, in section 22 of which funds were requested for non-recurrent activities, which, if approved, should be financed from the contingency fund. Her delegation was opposed to those appropriations and proposed that the level of funding requested for such activities should be reduced.

39. In her delegation's view, the budget should not be used to introduce new proposals or to prejudge the outcome of intergovernmental negotiations. Strict compliance with resolution 41/213 by the Secretariat and Member States and the fulfilment by the latter of their commitments under the Charter would help to restore mutual confidence, attract qualified personnel and contribute to the implementation of the purposes and principles of the Charter. Her delegation also shared the Advisory Committee's views on the need to return to the traditional budgeting process.

40. The Advisory Committee's view that many of the estimates of cost reductions were notional (A/52/7, para. 19) called into question the justification for the budget cuts contained in the proposed programme budget outline for the biennium 1998-1999. In view of the link between the budget reductions achieved through the adoption of efficiency measures and the number of posts to be abolished, the proposal concerning the elimination of a large number of posts should also be subject to careful scrutiny with a view to the restoration, if necessary, of the funds and posts which the Secretary-General proposed to eliminate.

41. The Committee must undertake a detailed analysis of the impact of savings measures on the implementation of programmes. Her delegation was concerned about the clearly negative impact of those measures on the implementation of mandated programmes and activities and hoped that the level of appropriations approved for the biennium 1998-1999 would redress the situation. In that connection, it supported the recommendation contained in paragraph 30 (a) of the Advisory Committee's report. It also supported the recommendation that the "result-based" approach to budgeting should not be implemented unless the General Assembly so decided.

42. Her delegation noted that the Secretariat had introduced other budgetary innovations which entailed significant changes in approved procedures. It therefore wished to reaffirm the validity of the provisions of resolution 51/221(B), paragraph 21, and to support the Advisory Committee's recommendations on the matter. Moreover, in order to remove the anomalies contained in the proposed programme budget, the funds and posts which had been eliminated as a result of the application of the net budgeting approach should be added to the funding and staff resources requested.

43. During the current biennium, serious problems had arisen with regard to the vacancy rate, including its use to realize additional savings by maintaining the recruitment freeze until 21 April 1997, despite General Assembly decision 51/456. The relevant information must therefore be made available to the General Assembly to enable it to take the corrective measures needed to ensure the full implementation of all of its mandates. The information should state, *inter alia* the reasons for the delay in the implementation of decision 51/456; the total amount of savings achieved as a result of the delay in lifting the recruitment freeze; the current status of the process of recruitment of personnel to fill the vacant posts; and detailed information on the vacant posts earmarked for abolition under the proposed programme budget for the next biennium.

44. Finally, her delegation regretted that, in certain cases, the proposed distribution of resources among the various budget sections was not in keeping with the priorities set out in the medium-term plan for the four-year period 1998-2001. In particular, it would have liked to see more resources allocated for the economic development of the developing countries, which faced severe economic problems.

45. **Mr. Asadi** (Islamic Republic of Iran) said that the mandates of the General Assembly and of the relevant intergovernmental bodies should not be altered to fit a certain budget level at the expense of mandated programmes and activities, especially those in the field of international and regional cooperation for development. His delegation had noted with concern the Advisory Committee's observation that there was no way of knowing whether the proviso that all approved programmes and mandates should be fully implemented could be honoured (A/52/7, para. 9).

46. The report of the Secretary-General on the impact of approved savings measures on the implementation of mandated programmes and activities (A/C.5/51/53) reflected the contradiction between the assurances given that mandates would be fully implemented at the level of resources requested for the biennium 1998-1999 and the serious problems encountered in fulfilling those assurances. Because savings had been identified without any prior determination of programme priorities, decisions had been made by programme managers to discontinue certain programme activities and to delay others without any consideration for legislative mandates and without consulting Member States.

47. His delegation was also concerned about the number of posts proposed for abolition and the possible negative impact on the Organization's capacity to implement its programme of work in full. The level of resources to be released by the proposed reduction of posts and the impact on programme delivery and on the Organization's institutional memory should all be carefully examined. Any exercise in staff reduction must also respect the principle of equitable geographical distribution as well as the international character of the United Nations.

48. His delegation believed that the proposed programme budget should have included all the posts needed to ensure that the various departments of the Secretariat were able to carry out their approved programmes and activities without any need to resort to gratis personnel. That objective could have been achieved by simply reducing the number of posts which the Secretary-General proposed to abolish.

49. He was concerned that, in a number of instances, the abolition of posts had been accompanied by requests for additional funds for consultants and expert groups. It was important to know how many consultants and short-term staff (and from which countries) were currently engaged in the delivery of mandated programmes. Increasing reliance on that category of staff concealed the substantial shifts in the equitable geographical distribution of staff in the Secretariat. Moreover, the replacement of permanent staff by short-term employees undermined the institutional memory of the Organization and could affect the delivery of work programmes. His delegation would welcome

information as to how the Secretary-General was responding to the request contained in resolution 51/226 that he should refrain from the practice of using consultants to carry out functions assigned to established posts.

50. In conclusion, he said he was concerned about the change in the methodology applied to the uniform vacancy rate, which gave the mistaken impression that a real increase in resources had been achieved, particularly in the economic sections of the programme budget.

51. **Mr. Sulaiman** (Syrian Arab Republic) said that his delegation supported the statement made on behalf of the Group of 77 and China. The proposed programme budget for the biennium 1998-1999 had been submitted to the General Assembly at a time when the Organization was in severe financial difficulties as a result of the non-payment of arrears by countries which were well able to afford to pay them. That created an unfavourable atmosphere for budgetary discussions.

52. His delegation believed that the proposed programme budget should be discussed separately from the proposals contained in the report of the Secretary-General concerning the financial and administrative effects of the reform process (A/52/303); since Member States had yet to agree on reform measures, those measures could have no bearing on the discussion of the proposed programme budget currently before the Committee.

53. His delegation supported the Secretary-General's determination to reduce administrative expenditure and redistribute responsibilities provided that the implementation of the Organization's programmes was not affected. The introduction of the performance appraisal system, as stated in the Advisory Committee's report (A/52/7, para. 108), had involved significant direct and indirect expenditure, while other, much more important programmes were being severely cut back.

54. His delegation had noted the Secretary-General's proposed reduction of posts. The issue of gratis personnel was also very important, since it was interrelated with that of post reductions.

55. His delegation attached great importance to the activities of the Economic and Social Commission for Western Asia (ESCWA) and welcomed the increase in the level of resources proposed for it. It was, however, disturbed by the proposal that three posts in the Professional category and above and 26 Local level posts should be abolished and wished to stress that the need for each abolition should have been clearly stated, as recommended in the first report of the Advisory Committee (A/52/7, para. 72). He hoped that the estimated amount of more than $15 million for recosting would not form part of the proposed increased level of resources.

56. With regard to section 24, Palestine refugees, he noted from paragraph 24.2 that the ability of the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) to continue to provide essential education, health and relief and social services was entirely dependent on sufficient voluntarily contributed funds being made available to it annually. However, in resolution 3331 (XXIX), section B, the General Assembly had decided that the expenses for salaries of international staff in the service of UNRWA which would otherwise be a charge on voluntary contributions should be financed by the regular budget of the United Nations for the duration of the Agency's mandate. The resources allocated to UNRWA from the regular budget should therefore be sufficient to allow it to carry out its humanitarian activities. The abolition of a number of posts would increase the burden on the Agency.

57. In the proposed programme budget (A/52/6/Rev. 1, para. 3.46), the Secretary-General had proposed the abolition of 23 posts in the United Nations Truce Supervision Organization (UNTSO). While he appreciated that the mandate of nine military observers in Egypt had to some extent been completed, he found it difficult to understand the proposed abolition of 23 posts. He hoped that the efficiency of UNTSO would not be adversely affected by the proposed administrative changes and reductions; it still had the mandate it had been given pursuant to Security Council resolution 50 (1948), and the reasons for that mandate would remain for as long as Israel continued to occupy Arab territory.

58. He was concerned to note the proposal regarding the redeployment of two posts from the decolonization programme (A/52/6/Rev. 1, para. 2.101), since decolonization was one of the core concerns of the United Nations. No explanation had been offered for that redeployment.

59. **Mr. Farid** (Saudi Arabia) said that his delegation had requested the Secretariat to submit the performance report for 1997 before Member States embarked on their discussion of the proposed programme budget for the biennium 1998-1999. It would be impossible to judge how much the United Nations was likely to spend in the forthcoming biennium without knowing what had been spent in 1997. The Secretariat should state in writing why it had been unable to submit the relevant report.

60. **Mr. Halbwachs** (Controller) said that what had been requested was an account of expenditure during 1996. It

would be impossible to issue the performance report for 1997 before December; in that respect, 1997 was no different from any other year.

61. **Mr. Farid** (Saudi Arabia) sought an assurance that the 1996 figures would be made available prior to the discussion of the proposed programme budget for the biennium 1998-1999.

62. **Mr. Halbwachs** (Controller) gave such an assurance.

Agenda item 118: Joint Inspection Unit *(continued)* (A/51/34 and A/51/559 and Corr.1, A/52/34, A/52/206 and A/52/267)

63. **Mr. Gjesdal** (Norway) said that in 1995 his delegation had endorsed many of the priorities of the Joint Inspection Unit (JIU) and the thrust of most of its work programme, but it had made a numberof suggestions for improvements. Since then the Unit had made significant progress in a number of areas, for example in the format and user-friendliness of its reports.

64. The Unit had provided material for judging the benefits of programmes and organizations that had previously been notable for a lack of broad evaluation activity, and he trusted that it would continue to employ impact evaluation in the programmes of the United Nations system. The General Assembly had invited JIU to take full advantage of its system-wide competence and to focus its reports on priority items, namely the identification of specific management, administrative and programming questions aimed at providing practical and action-oriented recommendations. The Unit's programme of work for 1997-1998 reflected those new priorities and his delegation was pleased to note that screening and analysis had become a component of programme formulation. System-wide reports came at a price in terms of resources deployed, but that price was worth paying.

65. The Unit's proposed programme of work seemed ambitious and comprehensive and the emphasis on operational activities was welcome. However, certain JIU reports had struck his delegation as somewhat narrow in scope, and there seemed to be some overlap with regard to the use of experts and consultants. Clarification of those points would be appreciated.

66. The review of the Administrative Committee on Coordination (ACC) should be given priority because JIU had not dealt with the topic before and the matter had acquired additional relevance in the context of United Nations reform. The same was true of the review of management and administration in the International Labour Organization (ILO).

67. His delegation noted with satisfaction the elaboration of internal standards and guidelines for inspection, evaluation and investigation (A/51/34, annex I). The proposed follow-up system on reports and recommendations reflected a broader concern with more effective follow up of recommendations of all United Nations oversight bodies. It was important that the proposed new system should be based on the concept of shared responsibility.

68. The quality of research staff was vital to the Unit's effectiveness. In that connection, his delegation wished to know whether there were any rules or practices which prevented the desired system-wide recruitment of suitable staff.

69. His Government believed that JIU had produced many interesting, sound and useful reports over the years, but its recommendations would have greater impact if it concentrated its efforts. The Unit should also develop a better tracking system based on the concept of follow-up as a continuous process.

70. **Ms. Archini De Giovanni** (Italy) said that her delegation was pleased to note the Unit's focus on management, administrative and programming questions, in addition to operational activities for development. Her delegation had also taken note of the Unit's plans to examine, *inter alia*, practices and procedures for awarding contracts, the performance appraisal system, and practices and procedures for senior-level appointments, as well as its proposals for the review of the administrative and financial management of the International Court of Justice. Provided the relevant approved recommendations were properly followed up and implemented, the Unit's reports would be of considerable assistance to the organizations and departments concerned.

71. Her delegation was pleased to learn that JIU was developing a follow-up system to ensure more effective and timely implementation of its recommendations. In the current phase of United Nations reform, the Unit's system-wide contribution would be extremely valuable.

72. **Ms. González Posse** (Argentina) noted with satisfaction the priority that had been assigned in the Unit's programme of work to management, administrative and programming questions aimed at providing practical and action-oriented recommendations. In that regard, her delegation welcomed the establishment of basic parameters for the formulation of the programme of work. Screening and analysis designed to evaluate available human and financial

resources and avoid duplication with other programmes would be conducive to the proper formulation of the programme of work.

73. Her delegation welcomed the adoption of a new report format and the inclusion of specific goals. Timely and ongoing coordination between all internal and external oversight bodies would enable the United Nations to carry out its work more effectively.

74. The new set of revised internal standards and guidelines for inspection, evaluation and investigation was to be welcomed. Her delegation attached particular significance to the measures aimed at achieving more effective follow-up on reports and recommendations contained in annex I to the report of the Joint Inspection Unit (A/52/34).

75. In studying the Unit's individual reports, the General Assembly should refrain from simply taking note of them; it should either approve or reject the recommendations contained therein.

Agenda item 119: Pattern of conferences (A/51/946 and Corr.1 (Russian only), A/52/32 and Add.1, A/52/215 and Add.1, A/52/216 and Add.1, A/52/291 and A/52/340 and Add.1)

76. **Mr. Blukis** (Latvia), Chairman of the Committee on Conferences, introducing that Committee's report (A/52/34 and Add.1), said that one of the most important recommendations made by the Committee to the General Assembly had been the draft calendar of conferences and meetings, which was designed to meet the needs of the Organization and ensure the optimum utilization of conference-servicing resources. Above all, the Committee had sought to avoid the overlapping of meetings relating to the same sector of activity at the same conference location. For nearly 15 years the Committee had monitored trends in the utilization of conference-servicing resources by examining a core sample of intergovernmental bodies within the Organization and notifying those bodies about their performance. He was pleased to report that overall utilization in 1996 had been considerably better than in 1995; the benchmark had been exceeded in New York, and the utilization factor had even approached 90 per cent at Geneva and Vienna. The Committee had waged a lengthy campaign to improve the utilization of conference-servicing resources; it was thus particularly gratifying to see that the role played by the Committee in disseminating information to other bodies had paid off. The Committee would continue to promote further action-oriented solutions designed to assist United Nations bodies in making the most efficient and effective use of the conference-servicing resources allocated to them.

77. The provision of interpretation services to meetings of regional and other major groupings of Member States had occasioned some concern. In view of the importance of such meetings for the smooth functioning of sessional bodies, the Committee had expressed concern that 32 per cent of the requests for interpretation services for such meetings had been denied. It had, however, recognized that meetings of Charter and mandated bodies had to be serviced as a matter of priority. Moreover, the Committee had urged intergovernmental bodies to spare no effort in the planning stage to take into account meetings of their regional and other major groupings of Member States, and to dovetail such meetings with those of the sessional body. In addition, it had recommended that intergovernmental bodies should notify conference services well in advance of any cancellations so that unutilized conference-servicing resources could, to the extent possible, be reassigned to meetings of regional and other major groupings of States.

78. In its resolution 51/211 C, the General Assembly had strongly urged the Secretary-General to develop a cost accounting system for Conference Services. Progress had been achieved in that area. The Committee supported further development of such a system, with the recommendation that it should encompass other areas of the Secretariat in addition to conference services. Another of the Committee's concerns had been improved coordination; Conference Services had been requested to maintain an active dialogue with the substantive secretariats of intergovernmental bodies, providing statistics and information on previous performance, as well as guidelines on ways and means of enhancing utilization of conference-servicing resources. At its 1996 session, the Committee had endorsed the Secretariat's proposal to make active dialogue a permanent coordination feature, and had directed that such action should be taken at Headquarters, as well as at Geneva and Vienna.

79. In resolution 51/211 A, the General Assembly had requested the Secretary-General to ensure closer cooperation between Headquarters and the United Nations Offices at Geneva, Vienna and Nairobi in order to improve the coordination of conference services. The Secretariat had also been requested to participate on a regular basis in an active dialogue with Member States as a permanent feature at Headquarters, as well as at Geneva, Vienna and Nairobi. Conference Services had indeed continued to conduct an active dialogue which had resulted in improved utilization worldwide. In addition, the Committee had taken an innovative approach to the matter of coordination by

participating in a video meeting with Conference Services officials at Headquarters, Geneva, Vienna and Nairobi.

80. The Committee on Conferences had also considered the draft calendar of conferences and meetings of theEconomic and Social Council for 1998 and 1999. Some concern had been expressed regarding the increase in requests from intergovernmental bodies to seek exceptions to the biennialization of their sessions and the Committee had recommended to the Council that it should continue to consider the biennialization of the meetings of its subsidiary bodies.

81. The Committee on Conferences had also considered several items related to documentation. It had been pleased to learn of the progress achieved at other duty stations in reducing the volume and length of the documents processed, and of the numerous steps that had been taken over the past year to reduce paper output, partly through wider access to the optical disk system. Upon reviewing a report on the implementation of the measures regarding the control and limitation of documentation, the Committee had recommended that the General Assembly should consider the advisability of inviting intergovernmental bodies to reduce the length of their reports from 32 to 20 pages over a period of time. It had also recommended that the Assembly should consider the possibility of making specific suggestions to intergovernmental bodies on how such a reduction could be accomplished.

82. Continuing efforts had been made to follow up the initiative taken in 1995 by the Committee on the Peaceful Uses of Outer Space (COPUOS) to use unedited transcripts instead of written meeting records.

83. With regard to the document requirements of Member States and the Secretariat, members of the Committee had expressed satisfaction at the clear trend towards the reduction of documentation requirements. The Secretariat had also reported that internal distribution rules had been changed to achieve significant reductions and that stocks had been cut by half with a consequent alleviation of storage problems. The optical disk system had made it possible to print on demand any essential documents that were out of stock.

84. As to the optical disk system itself, the Committee had been informed that, with effect from June 1997, all permanent missions had been connected to the Internet and through it they could access documents stored on the system. The view had been expressed that the increasing use of electronic media within the United Nations should not be interpreted as eliminating the need for paper-based communication, which continued to be essential, especially for the developing countries. The Committee recommended that the further development of the optical disk system should be encouraged.

85. With regard to translation-related matters, the Committee had been pleased to learn of the release of funds for six new P-3 translator posts and 194 translator workstations. However, concern had also been voiced that the decreased level of funding in the proposed programme budget for the biennium 1998-1999 for the recruitment of permanent translation staff and the higher proportion of translation earmarked for outsourcing could adversely affect the quality of translation. Concern had also been expressed about the continuing delays in the delivery of translations to delegations, which sometimes made it necessary to delay the start of meetings. Such delays were, however, frequently attributable to the late submission of documents by the substantive departments concerned.

86. The Committee had also examined the survey by the Joint Inspection Unit on the role publications played in implementing the mandates of intergovernmental bodies and the extent to which recurrent publications could be made more cost-effective. The recommendations which had been made in that connection provided very useful guidelines for improving the relevance and effectiveness of the United Nations publications programme. As the customary comments of the Secretary-General on the report had not been made available to the Committee on Conferences, it had decided to limit its endorsement to those recommendations that were addressed directly to substantive legislative bodies. The Committee had further concluded that input from users utilizing the opportunities provided by modern technology might be useful in evaluating future publications programmes.

87. Support had been expressed in the Committee for the proposed programme budget for the biennium 1998-1999 and for the Secretary-General's reform package relating to conference services. The post of Under-Secretary-General for General Assembly Affairs and Conference Services would involve functional authority for conference services throughout the Secretariat, which would lead to closer coordination and improved cost-effectiveness in the use of resources. Support had also been expressed for the establishment of the Department of General Assembly Affairs and Conference Services. However, the elimination of posts envisaged in the programme narrative, particularly in translation, might affect the delivery of conference services. The view had been expressed that such budget reductions were justified by technological innovations. The Secretariat had assured members that the new structure envisaged for Conference Services and the proposed

reductions in resources and posts would not affect the volume or quality of the service provided by the Secretariat, especially with regard to the timely translation and publication of documents in the official languages of the United Nations.

88. The Committee on Conferences had taken note of the proposed programme budget for the biennium 1998-1999 and of the report of the Secretary-General on United Nations reform: measures and proposals (A/52/303).

89. While the Committee on Conferences had successfully completed all of the work on its agenda, participation had been relatively scant. In that connection, some members had referred to the technical nature of the Committee's agenda items, and had requested orientation. He had therefore asked the Secretariat to arrange a briefing prior to the annual organizational session.

90. In conclusion, he said that the Committee on Conferences had endeavoured to provide information to Member States and intergovernmental bodies. Its objective, in formulating its conclusions, recommendations and directives, had invariably been to seek ways and means of benefiting from and improving the already high level of services in the most cost-effective way. He trusted that the Fifth Committee would approve the report of the Committee on Conferences by consensus and that it would consider the resolution on the pattern of conferences on its own merits, without awaiting the outcome of other discussions, and adopt it by consensus at a relatively early stage, as had once been the practice.

91. **Mr. Jin Yongjian** (Under-Secretary-General for General Assembly Affairs and Conference Services) said that the Department of General Assembly Affairs and Conference Services, established as part of the reform measures, integrated the major technical and support services for the General Assembly and the Economic and Social Council and their subsidiary bodies formally provided by the Department of Political Affairs, the Department for Policy Coordination and Sustainable Development and the Office of Conference and Support Services. The consolidation would strengthen the Secretariat's capacity to provide efficient technical support services while affording significant administrative savings.

92. The overall utilization of conference-servicing resources in New York, Geneva and Vienna in 1996 had exceeded the benchmark of 80 per cent, and had approached 90 per cent at Geneva and Vienna. One reason had been the example of punctuality set by the President of the General Assembly. Another had been the active dialogue between Conference Services and substantive secretariats, which had helped to increase awareness of the importance of utilizing conference-servicing resources efficiently and effectively.

93. In a similar vein, the Secretariat had taken steps to ensure closer cooperation between Headquarters and the United Nations Offices at Geneva, Vienna and Nairobi in order to improve the coordination of conference services. In that regard a video meeting of the Committee on Conferences and officials in Conference Services at the four duty stations had demonstrated how new techniques and means of communication could be applied to conference servicing on a worldwide scale, as well as the central role of the new Department.

94. Progress had been made in facilitating access by developing countries to the optical disk system, which was now available to Internet users. All permanent missions had had access via the Internet since 30 June 1997. A policy for the further expansion of the optical disk system was currently being developed.

95. Mindful of the need to reduce the volume of parliamentary documentation, the Committee on Conferences had requested the Secretariat to present a number of reports orally, including the report on the provision of interpretation services to meetings of regional and other major groupings. Although such services were provided on an "as available" basis, in the 12-month period ending 30 June 1997, 68 per cent of requests for services had been met. As the Committee was aware, meetings of Charter and mandated bodies must be serviced as a priority. Intergovernmental bodies were urged to take into account meetings of regional and other major groupings at the planning stage, to dovetail them with meetings of the sessional body, and to notify Conference Services well in advance of any cancellations so that resources could be reassigned.

96. Further to requests by the General Assembly for improvement and expansion of arrangements and facilities for bilateral meetings and contacts, facilities had been set up in conference rooms A, B, C, D and E, and on the second and third floors of the General Assembly building, during the general debate, as well as during the special commemorative meeting in 1995 and the recent special session of the General Assembly. A reservation system had been instituted, and at each of the previous two sessions more than 800 requests for bilateral meetings had been made, and over 700 such meetings held. A total of 858 bilateral meetings had been held during the 13 days of the general debate at the current session, representing an increase of over 100 meetings compared to 1996.

97. Regarding the cost-accounting system for conference services, the Secretariat, using internal resources, had identified objectives and made proposals, with the guidance of the Committee on Conferences, including the recommendation that such a system should reflect the experience of other duty stations. The system would be developed further, using input from delegations.

98. In his reform measures announced in March 1997, the Secretary-General had set a target of a 25 per cent reduction in the documentation produced by the Secretariat, to be achieved no later than the end of 1998. To that end it had been decided that all documents produced by the Secretariat should be no longer than 16 pages, a reduction from the former standard of 24 pages. He trusted that the General Assembly would similarly consider the adoption of a decision recommending that the reports of its subsidiary bodies should be limited to 20 pages. Member States could further reduce documentation by avoiding requests for reports that were unlikely to contribute substantially to the body of knowledge on a particular subject, and by showing restraint in submitting letters and similar material for circulation. While 1996 had witnessed the reversal of a long-standing trend towards higher volumes of documentation, current projections indicated that an increase might well occur during 1997. The cooperation of intergovernmental bodies and Member States in containing documentation was thus essential.

99. The Secretariat had taken action to reduce the volume of printed material it produced and distributed. The number of copies of documents kept in stock had been halved, and the circulation of documents within the Secretariat and their distribution in conference rooms had been substantially curtailed. Permanent missions at Headquarters had been asked to review their requirements for printed documents, and print runs were being adjusted in accordance with feedback received.

100. A related initiative concerned the development of new document formats, which were gradually being introduced in all languages following the recent acquisition of more powerful text-processing software. The new formats, applicable to all official languages, enhanced readability, preserved a consistent look, were compatible with electronic document processing and storage, and produced savings in reproduction, distribution and storage costs because they reduced paper consumption.

101. Notwithstanding the achievements in the area of conference servicing, not everything was rosy. The Department faced challenges that stretched its resources and its ability to juggle priorities, to the point where it was not satisfied that it always provided Member States with the services they deserved. By way of example, on the eve of the opening of the current session of the General Assembly, less than 40 per cent of pre-session documentation had been submitted, a situation that sorely taxed Conference Services. Staff resources and physical facilities had fallen short of the increasing demand, which impeded the work of regional and other major groupings and hampered the scheduling of multilateral and bilateral meetings.

102. The Department would continue to spare no effort to provide all services required and to improve the quality of its output. He called upon Member States to support the staff of the Department by understanding the limitations they faced, by tempering demands for meetings and documentation with realism, and by endeavouring to make the most efficient and effective use of conference-servicing resources.

103. **Mr. Kuyama** (Joint Inspection Unit), introducing the report of the Joint Inspection Unit (JIU) on United Nations publications, enhancing cost-effectiveness in implementing legislative mandates (A/51/946), said he regretted that the Secretary-General's comments on the report were not yet available, despite the requirement for such comments to be transmitted no later than three months after receipt of the report. As a result, the Advisory Committee had not been able to prepare its own comments.

104. The question of making publishing activities more cost-effective should be considered a shared responsibility of Member States and the Secretariat. Member States should be more restrained in requests for new publications, which were supposed to be made only after careful and thorough review of existing publications. The Secretariat should be responsible for preparing the basis for such a review, as well as for an efficient and cost-effective production process once publication programmes had been authorized.

105. For some time Member States had indicated the need for a cost-accounting system in a number of areas, including conference services. The Joint Inspection Unit, as indicated in recommendation 11, strongly believed that such a system should also be developed for publishing activities as a matter of priority.

106. There were a number of separate budget provisions relating to publishing, but there was no consolidated budget line indicating the full cost of publishing activities. Recommendation 7 called for a new and more transparent budgetary system in that regard.

107. As indicated in recommendation 1, a review of existing publications should be the first step in planning publication

programmes. There was a need for screening from a number of aspects, including the potential for duplication, relevance to specific rather than general mandates, and financial implications. Recommendations 5, 6, 8 and 9 were presented along those lines. As indicated in recommendation 4, the interdepartmental Publications Board, which was mandated to play a coordinating and supervisory role in publication programmes, should be strengthened.

108. Streamlining the publishing process was a major issue at the production phase. While the situation had somewhat improved, there was room for further improvement. The Secretary-General should therefore conduct a comprehensive review of the current administrative, managerial and organizational structure associated with publishing activities, as indicated in recommendations 3 and 10.

109. Recommendation 14 encouraged more use of advanced technologies, including electronic processing and publishing. Recommendations 12 and 13 referred to the question of internal versus external printing.

110. On distribution and sales, recommendation 17 proposed a review of the current treatment of the income generated by the sale of publications, with a view to using such income in a more rational, flexible and effective manner.

111. In the interest of establishing a sound publications policy, recommendation 2 suggested that existing publications policies and practices should be reviewed and modified.

112. At its August 1997 session, the Committee on Conferences had expressed the view that the JIU recommendations provided very useful guidelines for improving the relevance and effectiveness of the publications programme (A/52/32, para. 123), and had decided to endorse a number of the recommendations pending comment by the Secretary-General and ACABQ. He hoped that the Fifth Committee would take decisive action on the recommendations.

113. While the report focused on issues at the United Nations, the Joint Inspection Unit had, in preparing the report, approached most of the organizations in the United Nations system, as well as some outside the system, with a view to benefiting from their practices. JIU believed that the thrust of its recommendations could also be applied, *mutatis mutandis*, to a number of other organizations within the system.

114. **Mr. Farid** (Saudi Arabia) said that his delegation endorsed the two previous statements and welcomed the efforts made to reduce documentation and to promote use of the optical disk system. It was very important to implement a cost-accounting system, since it was likely to save millions of dollars. He asked that a detailed, written explanation of where matters stood should be provided as soon as possible.

115. **Mr. Sulaiman** (Syrian Arab Republic) said that at the United Nations Office at Vienna there had been a post for a coordinator for Arabic and a post for a teacher of Arabic. The latter post, having existed for 15 years, had now been abolished. He requested a full explanation.

116. **The Chairman** said that the Secretariat had taken note of the questions raised.

The meeting rose at 1 p.m.

United Nations A/C.5/52/SR.16

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Chairman: Mr. Chowdhury ..... (Bangladesh)
later: Ms. Incera ..... (Costa Rica)
later: Mr. Chowdhury ..... (Bangladesh)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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Agenda item 120: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*)

Other matters

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97-82358 (E)

The meeting was called to order at 10.10 a.m.

Agenda item 120: Scale of assessments for the apportionment of the expenses of the United Nations (*continued*) (A/51/11 and Corr.1)

1. **Mr. Gjesdal** (Norway) said that his delegation supported the statement made by the European Union. The need for fundamental reform of the scale methodology remained as great as ever. His delegation also subscribed to the package approach to solving problems relating to scales of assessment, arrears and contributions.

2. The work of the Committee on Contributions provided a basis for clearing some of the hurdles with regard to the scale methodology and indicated areas where further efforts might be undertaken. The current session's discussions should be seen as a continuation of the process begun at the previous session, which at one point had led to tentative agreement on most of the elements of the scale. It now also appeared that there was a basis for agreement on the base period, and that a compromise solution on the gradient was possible.

3. There had been some changes since the previous session. There were new national accounts statistics, which affected the low per capita income adjustment; there was more reliable debt stock information; there was new urgency, since the scale must be in place before the end of the year; there was a new overall reform opportunity, that promised to benefit all Member States; there was a need to avoid vicious circles, that worked to the detriment of all; and there seemed to be a new realism in many of the statements.

4. A close look should be taken at the pros and cons of retaining a 25 per cent ceiling, but that should be done only in the context of an overall financial settlement dealing with arrears.

5. **Ms. Yip** (Singapore) said that her delegation supported the statements made by the Group of 77 and China, and by the Association of South-East Asian Nations.

6. It seemed that Member States were very near agreement on many aspects of the scale methodology, for example, on the proposals to lower the floor, to use gross national product instead of net national income, to phase out the scheme of limits by the year 2000, and to use a six-year base period.

7. Agreement was also near on the low per capita income adjustment formula. No one appeared to have objected to the use of world average per capita income as a threshold, and debate had focused on the gradient. The truth was that all the figures proposed were arbitrary, and arguments about the superiority of one gradient over another were clearly driven by national interest, for the higher the gradient, the greater the subsidy for developing countries and the larger the financial burden on developed countries. Agreement on the current methodology had not been arrived at easily, and she urged the developed countries to retain the current formula. Other arguments, in particular, progressivity, merely complicated the Committee's work, and should be set aside. For the same reason, the existing debt-burden adjustment formula should be kept. Its absolute effect on the scale was not significant, but its retention was politically important for developing countries.

8. The most contentious element would be the ceiling. Her delegation had listened carefully to the grim remarks made by the representative of the United States. It would be regrettable if that country's relationship with the Organization were to be seriously damaged by disagreement over the scale. The scale of assessments was based, first and foremost, on national income. Under all the eight proposals — including the United States proposal — the United States should pay more than 26 per cent, strictly on the basis of national income. The United States already received a significant discount, yet it asked for more. It paid the largest share of the regular budget not because of any problem with the scale, but because it possessed the world's largest economy. Should the 184 other Members of the United Nations grant the largest and richest contributor a further discount just because it said they should and because it might be unhappy if they did not?

9. The argument that the Organization should not be overdependent on one or two Member States was disingenuous. Unless the principle of capacity to pay was completely abandoned and the ceiling lowered to 10 or 15 per cent, the Organization would continue to be dependent on one or two economic super-Powers for the majority of its finances. That was a political reality. It could not be changed by lowering the ceiling to 20 per cent, unless it was the intention of its proponent that a 20 per cent ceiling should be the first in a series of steps to lower the ceiling even further. But even if the General Assembly agreed to lower the ceiling to 20 per cent, what assurance was there that the United States would honour its financial obligations, and what would happen if it did not?

10. Her delegation was willing to consider any scale that could command consensus, but for any agreement to be meaningful, it must be matched by a clear commitment by all Member States to pay their assessed contributions in full and on time. The continued reluctance of the United States to pay its arrears gave little room for optimism that it would

honour its future assessed contributions, regardless of any agreement that might be reached on the scale.

11. Some delegations had attempted to link the scale to other aspects of reform, including reform of the Security Council. While that issue was important, more time was needed for consultation before agreement could be reached, whereas a decision on the scale must be reached by the end of the year. Any linkage between those two issues would thus be inappropriate and unhelpful. In any case, a country's assessment was determined mainly by its share of world income. If a country paid more it was because its income had risen, and not because of any special status in the General Assembly or the Security Council.

12. Unless agreement was reached before the end of the year, there would be no basis for the further financing of United Nations activities after 31 December 1997. Her delegation supported the reform proposals submitted by the Secretary-General, but unless he received the necessary financial support, his efforts would come to naught.

13. **Mr. Berrocal Soto** (Costa Rica) said that everyone was well aware that a decision on the scale must be reached by the end of 1997, as it was fundamental to the Organization's future and to the reform and restructuring currently under way. The question — which involved both technical and political aspects must be resolved quickly and without conditions or pressure.

14. His delegation endorsed the proposals and views of the Group of 77 and China, particularly the view that the Organization's continuing difficulties were a direct consequence of non-payment by some major contributors. The Group of 77 and China had consistently pointed out that capacity to pay was the essential aspect of any reform of the scale. Those Member States with significant outstanding debt should fulfil their obligations to the Organization. The financial crisis was, first and foremost, a payments crisis, so that the solution necessarily required payment of outstanding contributions to both the regular and peacekeeping budgets.

15. Frank, realistic and transparent negotiations are the ninth proposal, leading to a scale which could command the firm commitment, of all the Member States based on their capacity to pay. Otherwise it would not be possible to reach a consensus decision.

16. His delegation found interesting the suggestions that capacity to pay should be accompanied by a "responsibility to pay" and that there should be no ceiling. On responsibility to pay, he agreed that the decisions taken in 1945 regarding the composition of the Security Council and the power and authority of certain members of the Council, including the veto, should have a financial counterpart. Even applying strictly economic criteria, such as annual growth rates and gross national product, the question arose of why some Latin American and Asian developing countries should pay more than countries with special responsibilities. Furthermore, while it might be correct that capacity to pay would be better served if there were no ceiling, there must be a floor, which should be set, for the least developed countries, at 0.001 per cent.

17. The Committee should establish a scale based on real capacity to pay. His delegation could accept a reasonable increase in Costa Rica's contribution.

18. Ultimately, what the Committee was negotiating was whether Member States wanted a strong and financially healthy Organization, or an Organization in crisis with no capacity to discharge the obligations established under the Charter.

19. **Ms. Castellanos González** (Guatemala) said that her delegation endorsed the statements by the Group of 77 and China, the Non-Aligned Movement and the Rio Group, in particular the view that the scale of assessments was not related to the financial situation. The payments crisis would be solved only through the willingness of Member States to discharge their obligations in full and without conditions. Capacity to pay must remain the fundamental guide in the negotiations, which must lead to a scale reflecting the real economic situation of the developing countries. Her delegation was concerned by the prospect that points would be unfairly reallocated. In that connection a reduction in the ceiling would not be acceptable if it led to an increase in the contributions of the developing countries. That might produce an Organization in which only a minority of States could vote.

20. Her delegation supported proposal C in the report of the Committee on Contributions as representing real balance in the distribution of contributions. It was to be hoped that a resolution could be adopted by consensus. Further, any change in the methodology should be introduced on a gradual basis.

21. Her delegation had requested reconsideration of its assessment under the current scale, since it had not reflected real capacity to pay, and was now concerned that its assessment would increase. A country's assessments should not increase by a percentage higher than the growth in its gross national product.

22. While her delegation favoured a longer base, it could accept six years as a fair balance among the options proposed.

23. *Ms. Incera (Costa Rica) took the Chair.*

24. **Mr. Darwish** (Egypt) welcomed the fact that the Committee on Contributions had reached tentative agreement on important elements of the scale, in particular the base period, the debt-burden adjustment and the scheme of limits, although there had been no consensus on a ninth proposal. Negotiations on the new scale must be based on the principle of capacity to pay. The serious financial crisis facing the Organization was not a direct consequence of the scale, and never had been. It was, rather, a direct result of non-payment of assessed contributions, as well as a staggering level of arrears. To allow the Organization to function effectively, Member States should pay their contributions, as apportioned by the General Assembly, in full, on time and without conditions, while Member States in arrears should pay them promptly, thus allowing troop-contributing countries, including Egypt, to be reimbursed. Payment of contributions and arrears was not an act of charity or concession, but the fulfilment of a legal obligation under Article 17 of the Charter.

25. His delegation endorsed the statements of the Group of 77 and the Non-Aligned Movement.

26. He agreed that Member States whose share of adjusted world income was less than the current floor of 0.01 per cent should be assessed at their actual share of adjusted income, subject to a minimum rate of 0.001 per cent. The current floor constituted a departure from the principle of capacity to pay.

27. As for the proposal to reduce the ceiling, while it might reduce the risk of overdependence on one major contributor, it ran counter to capacity to pay and would mean that developing countries would have to absorb extra points. Any such proposal would need thorough examination by the Committee on Contributions. Should the ceiling be reduced, developing countries should not have additional financial responsibilities.

28. He agreed that the base period for the next scale should be six years. Any decision on the low per capita income adjustment should not be taken without thorough consideration by the Committee on Contributions. He agreed that future scale should be based on estimates of gross national product, and that there should be a gradual phase out of the scheme of limits. In all cases, the 15 per cent limitation on the allocation of additional points to developing countries must be maintained, in accordance with General Assembly resolution 48/223 B.

29. **Mr. Ramlal** (Trinidad and Tobago) said that the Committee on Contributions deserved commendation for producing the eight machine scales called for in resolution 51/212 B and for its attempt — albeit unsuccessful — to elaborate a ninth proposal which might have gained wider acceptance. Its work on that ninth proposal might hold some lessons for the Fifth Committee.

30. The delegation of Trinidad and Tobago associated itself with the statement made by the representative of Tanzania on behalf of the Group of 77 and China. If left unchecked, the continuing financial crisis of the Organization might disrupt its capacity to deliver mandated programmes and activities. The crisis had been caused by the failure of Member States, particularly some major contributors, to pay their dues in full and on time. The crisis was not due to the existing scale of assessments and would not be resolved by the preoccupation of some delegations with revision of the scale.

31. The reform of the United Nations was also threatened by the financial crisis. Member States which belaboured the need for cost cutting must surely recognize that the non-payment of assessed contributions jeopardized the whole reform process. It might seem that in its consideration of the proposed eight machine scales the Fifth Committee had the formidable task of reconciling the continuing divergences of view on the scale methodology. Moreover, the proposal by the major contributor on lowering the ceiling rate might well have political and legal repercussions beyond the confines of the Committee. Yet there was room for optimism that the General Assembly could once again reach a consensus agreement on a scale by following the principles and procedures which had guided it over the last 50 years. In that connection the legally established principle of the capacity to pay was the fundamental criterion for determining the scale.

32. As a small country, Trinidad and Tobago attached particular importance to the scale methodology, despite its anomalies and distortions. The gradualist approach to improvement of the methodology in order to measure the capacity to pay more accurately must be continued, for a clean-slate or unilateral approach might open up a Pandora's box of claims and counter-claims which would lead to even greater distortions.

33. His delegation agreed with the recommendation of the Committee on Contributions that future scales should be based on estimates of gross national product and was optimistic that a compromise could be achieved on the base

period. It also agreed with the Committee on conversion rates but emphasized the importance of reliable and verifiable data. It shared the view that relief from the debt burden, which was a major handicap for small island States in particular, must remain a component of the scale methodology, as must the low per capita income adjustment. Since the current floor rate was a departure from the principle of capacity to pay, the Committee's recommendation that it should be lowered to 0.001 per cent deserved support. It was to be hoped that an early consensus could be reached on the final phasing-out of the scheme of limits. Complete compatibility of the ceiling with the principle of the capacity to pay had never been achieved. However, efforts must be made to keep the variations to a minimum. Any lowering of the ceiling would represent a further movement away from that principle for the Member State concerned, with consequent financial burdens for the rest of the membership. It would also be useful to carry the scale to three decimal places.

34. The scale negotiations had always been arduous because no set of adjustments could satisfy all Member States. The negotiations on the new scale promised to continue that trend. However, the ingredients were present for a successful outcome in the Fifth Committee. Of course, flexibility, political maturity and the will to engage in serious negotiations would also be required.

35. **Ms. Eshmambetova** (Kyrgyzstan) said that the adoption of a fair scale of assessments based on the capacity to pay was an important condition of the Organization's viability. The Kyrgyz delegation therefore welcomed the progress made by the Committee on Contributions on a number of elements of the scale for the period 1998-2000 and supported in particular its recommendations for use of gross national product and market exchange rates. It was also in favour of a floor rate of 0.001 per cent, the final phasing-out of the scheme of limits in 1998, and the reduction of the base period to three years, although the Committee's proposal of a period of six years would be acceptable. It would also support the proposals on the debt-burden and low per capita income adjustments, including for the permanent members of the Security Council, with a gradient of 85 per cent, but was ready to compromise on those components as well.

36. It was important to take a political decision on the scale ceiling and on the issue of payment by Members of their dues to the Organization. Movement on those issues would be along a two-way street, which her delegation hoped would not prove to be a dead end.

37. **Mr. Dimovski** (Former Yugoslav Republic of Macedonia) said that there was no reason why the Committee should not again reach a successful conclusion on the current item, especially in view of the improvements in the international situation. The finances of the United Nations should be settled by dialogue and negotiation, in which the starting point was the Organization's role in promoting international cooperation for the implementation of its activities under the Charter. There was no reason why the United Nations could not play its Charter role, and the Member States had a duty to work to that end, especially by reforming the Organization so that it could perform its functions in the twenty-first century.

38. The item before the Committee had both political and practical elements. There was a consensus that nothing should be done to make the Organization's financial difficulties even worse. The Committee must therefore agree on a fair scale of assessments which took into account all the relevant considerations, in particular the principle of the capacity to pay. The task would not of course be easy, especially with respect to the assessment of the largest contributors. Determination and a positive approach would be needed.

39. Macedonia was meeting its financial obligations to the Organization in full and undertook to continue to do so.

40. **Mr. Al-Amri** (Oman) said that the Organization's financial difficulties had arisen, not from an unsatisfactory scale of assessments but from accumulated arrearages in the payment of contributions. The way to a solution was therefore for delinquent Member States to pay up.

41. His own country's assessment had been substantially increased in recent years, unjustifiably so, in view of its difficult economic circumstances, while the assessments of better-off countries, notably the developed countries, were being reduced. In the setting of assessments, the ability-to-pay principle was primordial, and the circumstances of developing countries should be taken into account. If the Committee on Contributions was unable to reduce the assessments of those countries, might it not at any rate hold them stable? His delegation advocated a simple, flexible scale methodology that would be acceptable to all Member States while meeting the requirements of fairness and transparency.

42. **Mr. Assah** (Togo) said that his delegation was uncertain about the future of the principle of the capacity to pay, which was the fundamental criterion in the proposals made by the Committee on Contributions. On that and other points the delegation of Togo associated itself with the statement made by the representative of Tanzania on behalf

of the Group of 77 and China. Apart from the maintenance of international peace and security, the development of nations was one of the Organization's biggest priorities. Given the glaring disparities in development levels, respect for the principle of the capacity to pay was essential, for otherwise the Organization might have Members who were permanent debtors.

43. The economic difficulties of the low-income developing countries, and the least advanced countries in particular, argued for the elimination of the current floor rate of 0.01 per cent. Failing that, the rate should be reduced to 0.001 per cent. In contrast, any reduction in the ceiling would mean applying the fundamental criterion to only one category of States, leaving another category to pay beyond its means and increasing the subsidizing of the rich by the poor. Another important principle -- that of equity — should be applied with respect to the low per capita income adjustment. In general, therefore, the delegation of Togo was against revision of the scale and in favour of the status quo.

44. Turning to the question of the settlement of the arrears of Member States, he said that both incentives and coercive measures should be adopted to encourage settlement of arrears and prevent future non-payment of contributions. Non-payment, unfortunately deliberate in some cases, prevented the United Nations from carrying out mandated activities and compelled it to borrow and cut its staff below the recommended levels. Payment of contributions was a legal obligation on all Member States under Article 17 of the Charter.

45. But only one thing could revive the Organization: the will of every Member State to make the United Nations credible, strong, financially stable and capable of taking up the challenges of peace, security and development. The financial crisis was not due to malfunctioning of the scale of assessments, and even less to the scale methodology, but to the non-payment of contributions.

46. **Mr. Asadi** (Islamic Republic of Iran) said that the issue of the scale of assessments should not be dealt with as part of a package for resolving the financial crisis, which was due not to the scale methodology, but rather to the violation of Article 17 of the Charter and the policy of the major contributor. Artificial linkages would only further complicate the issue and undermine the sensitive negotiations. What was needed was constructive negotiation in a spirit of goodwill.

47. The principle of the capacity to pay should remain the fundamental criterion for establishing the scale. The use of a ceiling was a departure from that principle which adversely affected the assessment of other Members, including the developing countries. By the same token, any further reduction of the ceiling would increase the gap between the capacity to pay of the major contributor and its level of assessment. It was equally unacceptable that many Member States paid a floor rate in excess of their capacity to pay.

48. The criterion of income alone did not reflect the capacity to pay of States having different levels of development. It was thus unjustifiable to treat all States on an equal footing, and other elements, including low per capita income, should be taken into account.

49. The present methodology certainly needed to be improved since its distortions adversely affected a wide range of countries; even expeditious action to remove the distortions was justified. The Iranian delegation therefore supported the immediate phase-out of the scheme of limits and believed that a three-year base period would provide the most accurate approximation of current capacity to pay. It was however ready to engage in constructive discussions with a view to a consensus agreement. To that end it was imperative for all delegations to work with open minds and with goodwill.

50. **Mr. Dos Santos** (Mozambique) said that the delegation of Mozambique associated itself with the statement made by the representative of Tanzania on behalf of the Group of 77 and China. The principle of the capacity to pay should remain the fundamental criterion for the apportionment of the Organization's expenses. His delegation supported the scale methodology, although some of the criticism levelled against it was justified. The scale would have to be improved in order to satisfy all Member States. However, unless States could reconcile their differing positions as to what constituted capacity to pay, consensus would be difficult to achieve. Mozambique paid its financial obligations to the United Nations and other multilateral organizations in full and on time although even the floor rate was beyond its capacity to pay.

51. The Mozambique delegation could not accept a linkage between the scale methodology and the non-payment of contributions and shared the concerns of other least developed and small island developing countries about the surcharge constituted by the floor rate of 0.01 per cent. The scale should be carried to three decimal places, the floor rate reduced to 0.001 per cent, and assessments based on adjusted national income. Such charges would help to eliminate the unfair assessment of many developing countries.

52. For reasons of stability and accurate assessment of current capacity to pay, the base period should not exceed six years. Market exchange rates should be used, except when multiple exchange rates, high inflation rates or sharp

market fluctuations prevailed. The debt-burden adjustment was a vital element of the methodology for the developing countries, in particular the least developed ones. The low per capita income adjustment was also important in that respect and should be retained as initially formulated; changes in the formula must not lead to the transfer of assessment points from high-income developed countries to low-income developing countries. The ceiling had the same distorting effect as the floor rate, benefiting the largest contributor and imposing an undue burden on the low-income countries. The Mozambique delegation hoped that all parties would demonstrate political will, flexibility and pragmatism in seeking agreement on what was a vital issue.

53. **Mr. Novruzov** (Azerbaijan) said that the challenge facing the United Nations was to adapt to the new realities of the post cold-war period. The Secretary-General's reform proposals were a recognition of the fact that the old Organization was over and that an entirely new approach was needed to finance the United Nations and other international organizations. That challenge could be met only if there was consensus on what the nature of the new Organization should be. In that regard, the reform efforts underway were but an interim measure to permit the Organization to survive the current period of uncertainty until a comprehensive solution could be found.

54. Azerbaijan's assessment under the scale adopted by the General Assembly at its forty-seventh session had been extremely unfair. Even though 20 per cent of its territory had been under occupation, it had had more than a million refugees and had lost a quarter of its national wealth, it had nevertheless been assessed as a prosperous State. While his country now paid a reduced assessment, protection from future arbitrary decisions of the majority was far from certain. He hoped that the eventual decision on the financing of the Organization would not adversely affect small, poor countries whose people struggled with the poverty caused by war, natural disasters and the difficulties associated with their economic transition.

55. **Mr. Moore** (Bahamas) said that the principle of capacity to pay should govern the preparation of the new scale of assessments. Even though the current scale had been improved over the years, the methodology for its calculation could be further refined. Any future modifications to the scale methodology, however, must be fair, transparent and democratic and must reflect the spirit of consensus which had prevailed over the previous few years.

56. The Bahamas did not support the view that the Organization's current financial difficulties were due to problems with the scale. Those difficulties were the result of the non-payment of assessed contributions, which were a legal obligation deriving from membership in the Organization. All outstanding contributions should be paid in full, on time and without conditions and it was immoral to link willingness to pay with reform of the scale. Any changes in the scale should seek to correct discrepancies and to ensure that no unfair burdens were placed upon Member States. At the same time, States that had the capacity to contribute more to the Organization should not shy away from their responsibility to do so.

57. One of the most glaring inequities in the scale of assessments was the burden it imposed on many developing countries, in particular the poorest among them, through the retention of the current floor. The Bahamas supported the emerging consensus that that inequity could be redressed by lowering the floor substantially or abolishing it altogether.

58. The Bahamas also supported the proposals to use gross national product as the starting point in the scale and to round the scale to three decimal places in order to obtain a more realistic assessment of capacity to pay. Consideration should also be given to the compromise proposal to change the base period to six years. His Government supported the retention in the new scale of the debt-burden and low per capita income adjustments as well as the gradual phasing out of the scheme of limits over the scale period.

59. While there appeared to be no reason for concern during the current year, the Bahamas would have great difficulty in accepting the notion that countries with high per capita GNP should have higher rates of assessment. Per capita GNP was an unfair and unrealistic measurement of a country's wealth. Current efforts to develop a vulnerability index, which would more accurately reflect the economies of countries like the Bahamas, were therefore very welcome.

60. His Government saw merit in the argument that the ceiling should be lowered in order to reduce the Organization's dependence on one country or group of countries. The financial obligations of the United Nations should be borne in a more balanced manner by all Member States. The way to achieve that balance, however, was to help improve the economic situation of Member States so that they could assume greater financial responsibility and not to force Members to take on increased financial burdens before they were fully able to do so. The current ceiling, moreover, provided a subsidy to the largest contributor, which was paid for by the other Member States, and a further reduction would result in an even greater subsidy to that contributor. Any change in the ceiling should therefore stem from the analysis of reliable and verifiable data and must have the full support of all Member States.

61. **Ms. Aguiar** (Dominican Republic) said that the proposals contained in the report of the Committee on Contributions were a starting point for discussions on the scale of assessments and any final decisions should not adversely affect the economies of States confronted with serious problems of development. It was a well-known fact, moreover, that the Organization's financial problems were unrelated to the scale of assessments.

62. The Dominican Republic had embarked upon a process of broad economic restructuring which required increased economic resources to enable it to meet both its external debt obligations and the most urgent social needs of a population which understandably aspired to a better life. It therefore could not support the proposal to establish a link between economic growth and the capacity to pay assessments that were increased on the basis of macroeconomic indices. Even though the Dominican Republic's growth rate for 1998 was projected to be one of the highest in the region, the most dynamic sectors of its economy were in the area of services and thus subject to the volatility of the money market. Rather than resolving the Organization's problems, disproportionate assessments would therefore create new problems for other States which lacked the capacity to increase their contributions.

63. **Mr. Al-Menhali** (United Arab Emirates) emphasized the importance of a scale methodology that was fair and acceptable to all. His delegation endorsed the position of the Group of 77 and China in that connection.

64. Because of the inadequacy of the regular budget, the Organization had had to borrow repeatedly for peacekeeping operations over the past three years, a situation which had further complicated its financial position and imperilled other planned peacekeeping operations and development programmes. The Member States must therefore strive to find a solution.

65. His country endorsed the ability-to-pay principle, provided the political, economic and other circumstances of individual countries were duly taken into account. The current reform process was not an end in itself, but a means of strengthening the Organizations's ability to respond quickly and comprehensively to evolving world conditions. His delegation was opposed to individual measures aimed at enabling some States to evade their treaty obligations or make them conditional on further reform, especially now that developing countries were carrying heavier burdens because some developed countries were carrying lighter ones. All Member States should pay their duly assessed contributions, and delinquent Member States should make good their arrears unconditionally. Only thus would the world body be able to carry out its mandate.

66. *Mr. Chowdhury (Bangladesh) resumed the Chair.*

67. **Mr. Kinst** (Czech Republic) said that the scale of assessments should be based primarily on the most recent economic statistics for each Member State and that a country's share of world GNP should be the main indicator of its capacity to pay. All other adjustments, except for low per capita income, had a distorting effect and should be applied in a consistent manner, if at all.

68. With regard to the scale methodology, his delegation supported the proposal of the Committee on Contributions that GNP should be used as the primary basis for the scale, in view of the transparency and statistical availability of that indicator. It also shared the Committee's views on conversion rates.

69. His Government was in favour of shortening the statistical base period to six years, even though a three-year base period would lead to closer linkages between a country's economic performance and its capacity to pay. It had some reservations about including the debt-burden adjustment in the scale methodology, since that adjustment was already partly covered in the gross national product. In view of its relatively minor impact, however, his delegation was open to compromise on that proposal.

70. The 75 per cent gradient for the low per capita income adjustment seemed to represent a reasonable compromise and his delegation supported the Canadian proposal to eliminate the inconsistencies in the current methodology. The implementation of progressive transfers from States below the threshold to States above it would result in a more consistent fulfilment of the principle of capacity to pay and avoid unreasonable fluctuations in the assessment of countries which were just above the threshold.

71. On the question of the floor and ceiling rates, his delegation supported the proposals to minimize the floor rate or abolish it altogether, since the setting of any floor or ceiling rate generally led to some distortion of the principle of capacity to pay. It also supported the phasing out of the scheme of limits.

72. Finally, he said that the Czech Republic paid all its contributions in full and on time and was opposed to attempts to link the payment of contributions to the approved scale of assessments.

73. **Mr. Touré** (Mali) said that the solution to the current financial crisis lay in the payment by Members of their assessed contributions on time and without conditions.

74. His delegation associated itself with the statement made on behalf of the Group of 77 and China. The principle of capacity to pay remained the fundamental criterion for calculation of the scale of assessments and his delegation welcomed the proposals of the Committee on Contributions which reaffirmed that principle. It also supported the adjustments which had been proposed to provide relief for Member States with low per capita incomes, particularly the least developed countries.

75. He welcomed the recommendation of the Committee on Contributions that, in future scales of assessments, all Member States whose share of adjusted world income was less than the current floor of 0.01 per cent should be assessed at their actual share of adjusted income, subject to a minimum assessment rate of 0.001 per cent.

76. He fully supported the proposals for providing relief to economically weak countries, especially the low per capita income and debt-burden adjustments, and considered the proposal to shorten the base period for the future scale to six years to be an acceptable compromise.

77. **Ms. Dinic** (Croatia) said that, despite the difficulties caused by the large number of refugees and displaced persons and the enormous challenge of rebuilding a devastated infrastructure and economy, Croatia had made great efforts each year to meet its financial obligations to the United Nations. That experience had reaffirmed its belief that capacity to pay should be the main criterion for the apportionment of the expenses of the Organization. Her Government supported a short statistical base period of three years, which would more accurately reflect the current situation in the economy of a given Member State. For that same reason, gross national product should be the basis for calculating the scale of assessments.

78. Her delegation agreed with the view that the Organization's financial difficulties were neither caused by, nor linked to, the current scale methodology. A new and fairer scale would therefore not be enough to solve the Organization's financial problems, although it might solve some of the problems which small States, like Croatia, faced in paying their assessed contributions. In order to properly reflect the capacity to pay of some of the least developed countries, the floor rate should be reduced to 0.001 per cent. On the other hand, the ceiling rate should not be reduced if the assessments of developing countries were thereby increased, distorting the principle of capacity to pay.

79. **Mr. Etuket** (Chairman of the Committee on Contributions) noted that during the debate on the scale of assessments Member States had reiterated the importance of fulfilling their Charter obligations and the need for the scale to be based on the principle of capacity to pay. It was for the General Assembly, however, to give further consideration to what constituted capacity to pay.

80. Several speakers had recognized that the mandate given to the Committee on Contributions to consider and make recommendations on no fewer than eight separate proposals had been both difficult and unprecedented. Nevertheless, the Committee had managed to reach tentative agreement on the base period, the debt-burden adjustment and the scheme of limits. He hoped that those achievements would be useful for advancing negotiations on the next scale of assessments and that the considerable areas of convergence could be further extended by the Fifth Committee.

81. Recalling that the representatives of the Syrian Arab Republic and Oman had questioned the basis for the increase in their countries' rates of assessment under the eight proposals, he noted that both Member States had benefitted from the remaining effects of the scheme of limits under the current scale and would continue to do so in the triennium 1998-2000 under some of the eight proposals. That notwithstanding, the elimination of the remaining 50 per cent of the effects of the scheme of limits in 1998-2000 would lead to an increase in the assessments of those States under all of the proposals.

82. Section III of the Committee's report addressed the concerns of the representative of the Libyan Arab Jamahiriya, regarding the application of Article 19 of the Charter. He recalled that the General Assembly had already taken action on the Committee's recommendation with respect to exemption under Article 19 of the Charter for the Comoros, Liberia and Tajikistan. He now wished to report that Togo had made the necessary minimum payment to avoid the application of Article 19 for the remainder of 1997.

83. With regard to the practical application of Article 19, under current procedures the relevant calculation was made towards the end of each year and was effective from 1 January of the following year, subject to payment of arrears or relevant action by the General Assembly under Article 19. After the calculation was made, notifications indicating assessments outstanding and the minimum amount payable to avoid the application of Article 19 in the following year were sent to all Member States which might fall under Article 19.

84. In conclusion, he drew the Committee's attention to a number of minor errors of calculation in the report of the Committee on Contributions. Those errors would be rectified in corrigenda to the report.

Other matters

85. **The Chairman** said that he had sent a letter to the Chairmen of the other Main Committees drawing their attention to concerns raised by delegations in the Fifth Committee regarding the tendency of substantive committees to involve themselves in budgetary and administrative matters.

86. In that regard, he had drawn their attention to General Assembly resolution 45/248 B (VI) on the procedures for administrative and budgetary matters, whereby the General Assembly had reaffirmed that the Fifth Committee was the appropriate Main Committee entrusted with responsibilities for administrative and budgetary matters, as well as the role of the Advisory Committee. In the same resolution the Assembly had expressed its concern at the tendency of its substantive Committees and other intergovernmental bodies to involve themselves in administrative and budgetary matters.

87. The letter also drew attention to rule 153 of the rules of procedure, pursuant to which statements of programme budget implications were submitted in respect of draft resolutions involving expenditures recommended for approval by the General Assembly. The letter pointed out that the primary responsibility of the other Main Committees was to review the programmatic aspects of statements of programme budget implications, leaving the financial aspects to the Fifth Committee.

88. The letter also referred to General Assembly resolutions 41/213, 42/211 and 45/248 reaffirming the role of the Fifth Committee, and expressed the view that financial aspects should be left for decision of the Fifth Committee.

89. He also drew the Committee's attention to document A/52/234, regarding the allocation of an additional item, entitled "Financing of the United Nations Observer Mission in Angola", to the Fifth Committee.

The meeting rose at 1 p.m.